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Application Proof of

果下科技股份有限公司 Guoxia Technology Co., Ltd.*

(the “Company”)

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

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果下科技股份有限公司 Guoxia Technology Co., Ltd.*

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

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to adjustment)
Number of [REDACTED] : [REDACTED] H Shares (subject to adjustment and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015% (payable in full on application and subject to refund on final pricing)
Nominal value : RMB[0.2] per H Share
[REDACTED] : [REDACTED]

Sole Sponsor



[REDACTED] and [REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

WHO WE ARE

We are a renewable energy solutions and products providers based on platform technology and driven by AI in the energy storage industry in the PRC. We specialize in the R&D and provision of ESS solutions and products to our customers and the end users. Our ESS solutions and products serve and is capable of serving diverse applications across large-scale power side and grid-side, commercial and industrial and residential scenarios in both the PRC market and overseas markets. We are dedicated to the energy storage sector and implemented a globalization strategy. According to CIC, we were among the early participants in the industry to achieve Internet cloud integration for ESS solutions and/or products and develop a full-scenario Internet cloud platform for digitalized energy management.



Note:* According to CIC.

OUR DIFFERENTIATED DEVELOPMENT PATH

According to CIC, the renewable energy industry, particularly the energy storage sector, is experiencing rapid growth and presents significant opportunities globally. There is increasing demand for relevant high-quality and high-performance solutions and products to meet the needs and requirements of the customers and the end users. Benefiting from our experience in the industry, market knowledge and early presence, we have successfully navigated the fluctuations of industry cycles, including rapid development periods and fierce competitions, while maintaining strong overall competitiveness and a differentiated competitive strength.

SUMMARY

AI plays a core role in our technological edge, primarily enabling us to optimize energy management, improve the efficiency and accuracy of decision-making, and deliver smart and effective solutions through approaches including but not limited to Internet. See “Business – Our Competitive Strengths” in this section for further details.

Our differentiated development path is built upon our strong R&D capabilities, focusing on constructing a fully integrated portfolio of solutions and products tailored to specific energy storage scenarios. We are committed to addressing the technological gaps faced by our customers and the end users with systematic solutions and through approaches including but not limited to Internet.

OUR BUSINESS SEGMENTS AND MODELS

Our Business Segments

Our business consists of three segments: (i) ESS solutions; (ii) EPC services; and (iii) others. The following table sets forth a breakdown of our revenue by business segments for the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Percentage		Percentage		Percentage		Percentage		Percentage	
	of total		of total		of total		of total		of total	
	revenue		revenue		revenue		revenue		revenue	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
							(unaudited)			
ESS Solutions										
Large-scale ESS	17,357	12.2	111,908	35.6	785,354	76.6	42,754	47.2	512,862	74.2
C&I ESS	–	–	28,701	9.1	9,572	0.9	2,589	2.9	2,171	0.3
Residential ESS	102,270	72.1	138,670	44.1	208,354	20.3	24,844	27.4	125,160	18.1
Other ESS ⁽¹⁾	21,108	14.9	4,188	1.3	102	0.0	149	0.2	8	0.0
Sub-total	140,735	99.2	283,467	90.1	1,003,382	97.8	70,336	77.6	640,201	92.6
EPC Services	–	–	30,333	9.7	19,512	1.9	19,512	21.5	49,125	7.1
Others ⁽²⁾	1,096	0.8	507	0.2	2,719	0.3	775	0.9	2,044	0.3
Total	141,831	100.0	314,307	100.0	1,025,613	100.0	90,623	100.0	691,370	100.0

Notes:

- (1) Other ESS primarily included revenue generated from sales of charging piles and fire safety ESS.
- (2) Others primarily included revenue generated from our sales of miscellaneous items such as forklifts, testing equipment and scrap battery cells sold as waste materials.

SUMMARY

During the Track Record Period, we have successfully established market presence in both the PRC market and overseas markets, which primarily included Europe and Africa. The following table sets forth a breakdown of our revenue by geographical locations for the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
							(unaudited)			
PRC	39,608	27.9	175,687	55.9	819,083	79.9	65,785	72.6	565,192	81.8
Europe	102,223	72.1	97,134	30.9	104,584	10.2	20,335	22.4	62,978	9.1
Africa	-	-	41,486	13.2	99,649	9.7	4,503	5.0	58,340	8.4
Others ⁽¹⁾	-	-	-	-	2,297	0.2	-	-	4,860	0.7
Total	141,831	100.0	314,307	100.0	1,025,613	100.0	90,623	100.0	691,370	100.0

Note: (1) Others primarily included revenue generated from other regions in Asia and South America, including, among others, Brazil, Saudi Arabia, The United Arab Emirates, Pakistan, Vietnam.

During the Track Record Period, our Group experienced a notable shift in product mix, with the largest contributor of revenue changing from the provision of residential ESS products and solutions in the European market, which accounted for 72.1% of total revenue in 2022, to large-scale ESS products and solutions in the PRC, which contributed to 76.6% of total revenue in 2024. The trend has continued for the six months ended June 30, 2025, this transition reflects our Group’s dynamic response to market opportunities and policy developments, rather than a fundamental change in business focus.

The commercial rationale behind this shift lies in our Group’s flexible and responsive approach to market strategy. Starting in 2023, our Group began strategically prioritizing large-scale ESS deployment in the PRC in light of favorable government policies promoting energy storage development, such as the Action Plan for Enhancing Standardization to Achieve Carbon Peak and Carbon Neutrality in the Energy Sector (《能源碳達峰碳中和標準化提升行動計劃》), the Action Plan for Accelerating the Green and Low-Carbon Innovative Development of Power Equipment (《加快電力裝備綠色低碳創新發展行動計劃》), the Implementation Plan for Demonstration Projects of Green and Low-Carbon Advanced Technologies (《綠色低碳先進技術示範工程實施方案》), and the 2024 Energy Work Guiding Opinions (《2024年能源工作指導意見》). These policies created a supportive regulatory environment and spurred rapid growth in domestic demand, prompting our Group to scale up local deliveries, supported by enhanced production capacity and resource allocation in 2023 and 2024.

SUMMARY

Despite this operational reallocation, our Group has consistently adhered to its long-term “dual-engine” strategy, focusing on the parallel development of both PRC and overseas markets. The observed change in product mix during the Track Record Period was the result of tactical adjustments to capture short-term opportunities, not a strategic withdrawal from the European residential ESS segment. In fact, revenue from residential ESS still grew significantly from RMB102.3 million in 2022 to RMB208.4 million in 2024, representing a CAGR of 42.7%.

Looking ahead, our Group will maintain its current business focus and remains committed to its long-term “dual-engine” strategy. It will continue to deepen its presence in residential ESS products and solutions for overseas markets, while expanding its large-scale ESS business in the PRC to capture policy-driven demand. Our Directors confirm that despite the intensifying trade war between China and the US, there was no material impact on our business operations or financial performance during the Track Record Period. This is primarily because we do not operate in North America, a key region affected by the trade war, and our overseas markets are mainly in Europe and Africa, which are less impacted by trade war tariffs and restrictions.

Our Business Model

The business model for our major business segments is summarized below:

ESS Solutions

We provide comprehensive ESS solutions designed for diverse needs with respect to all-round large-scale, C&I and residential scenarios globally. Our solutions integrate AI technology and Internet technology with advanced hardware ESS products manufactured by ourselves, enabling us to meet the unique needs of our customers mainly including the EPC contractors specialised in energy storage projects and power plant development, and batteries and energy storage products manufacturers for our large-scale ESS and C&I ESS segments, as well as the distributors for our residential ESS segment, and/or the end users, including power generation groups, grid companies, and power system operators for our large-scale ESS segment, and high-energy-consuming enterprises such as steel plants and manufacturing factories for our C&I ESS segment, as well as the residential users for our residential ESS segment.

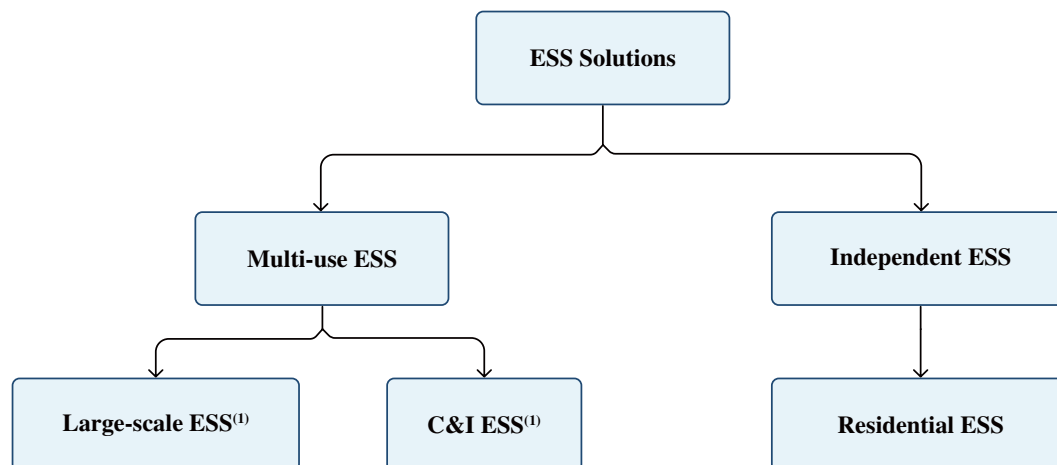
ESS solutions can generally be categorized into two major segments: multi-use ESS solutions, which are shared-use models jointly utilized by multiple parties, and independent ESS solutions, which are exclusively developed for single end user. Our Group’s core business segments are positioned within these categories, with a significant portion of its large-scale ESS and C&I ESS solutions falling within the multi-use ESS model, while residential ESS solutions are exclusively classified as independent ESS solutions.

SUMMARY

A multi-use ESS solution refers to a shared-use model in which an ESS is jointly invested in or utilized by multiple stakeholders, such as grid operators, renewable energy producers, C&I users, or third-party investors, according to CIC. These solutions deliver value-added functionalities, including peak shaving, frequency regulation, and backup power, thereby enhancing overall system utilization and reducing individual investment costs. By contrast, an independent ESS solution is developed for and used by a single end user, without shared infrastructure or coordinated usage, according to CIC.

According to CIC, the multi-use ESS model is a relatively new deployment format that began to gain momentum in China around 2022. China’s multi-use ESS sector experienced significant growth since then, with newly installed multi-use ESS capacity reaching 31.0 GWh in 2024. The market is expected to expand rapidly, with a projected CAGR of 54.6% from 2024 to 2030, reaching 424.0 GWh by 2030. While most large-scale and C&I ESS projects in the broader industry are still implemented as independent ESS solutions, multi-use ESS is expected to become the predominant form of deployment in the near future. Recognising this trend and growth potential, the Group has strategically emphasised shared and system-integrated applications. As such, the majority of its large-scale and C&I ESS offerings are structured as multi-use ESS solutions.

The following chart illustrates the positioning of the Group’s core business segments, i.e., large-scale ESS, C&I ESS, and residential ESS, within the categories of multi-use ESS and independent ESS solutions:



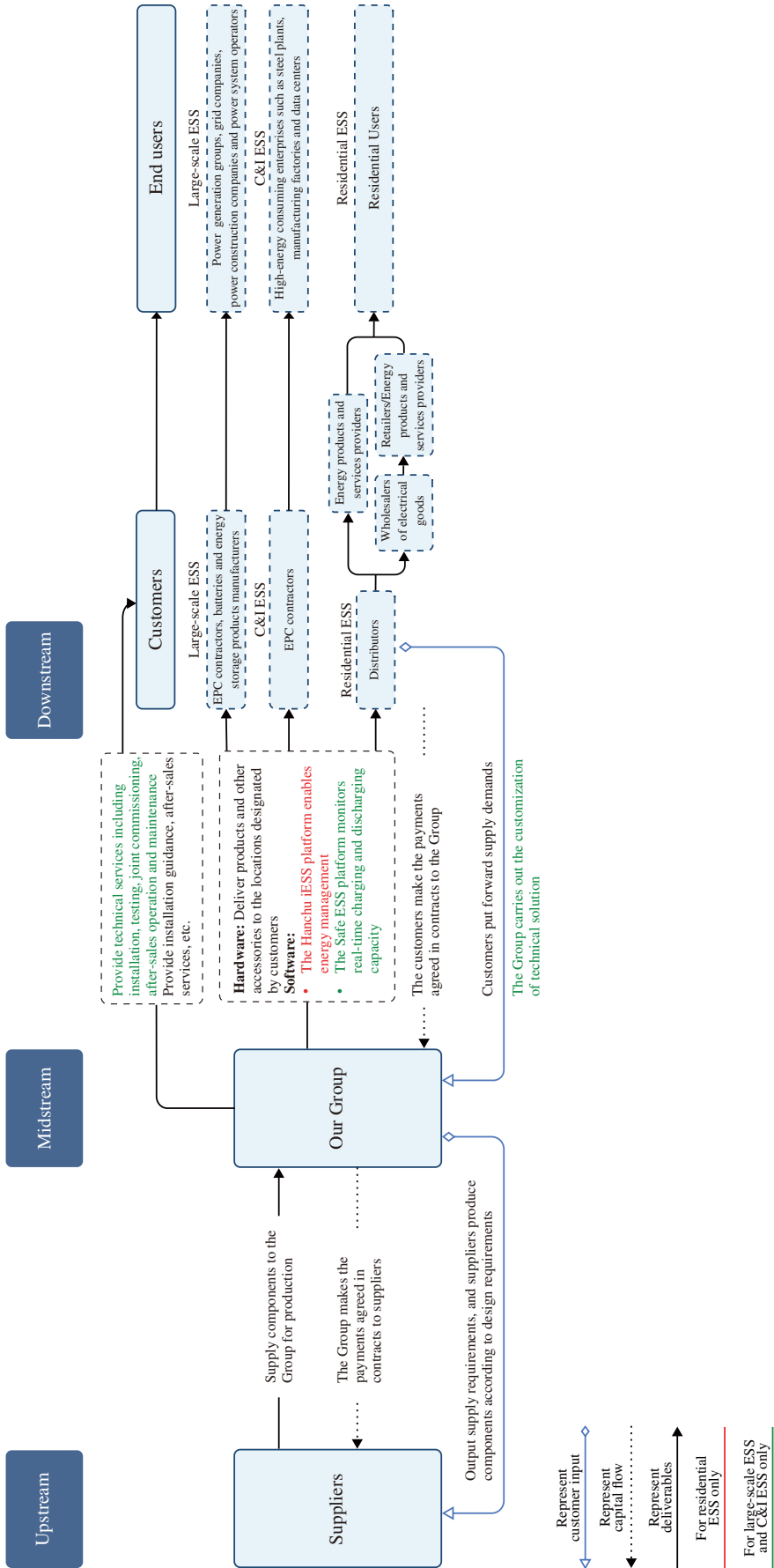
Note:

- (1) Our Group’s large-scale ESS and C&I solutions and products can also be used as independent ESS solutions, depending on customers’ needs.

In general, our large-scale ESS and C&I ESS offerings primarily fall within the multi-use ESS model, as they are typically deployed in scenarios where energy storage systems are shared among multiple users or entities, such as industrial clusters or utility applications. Depending on specific customer needs and system configurations, these solutions can also function as independent ESS, capable of operating autonomously. In contrast, residential ESS is designed for use by individual households and is therefore exclusively aligned with the independent ESS model.

SUMMARY

The following chart illustrates the operational framework of our ESS solutions:



SUMMARY

The table below summarises the core functionalities, customers, target end users and major benefits of each segment of our ESS solutions:

Our ESS Solutions	Functionalities	Customers	Target End Users	Major Benefits
Large-scale ESS	- Grid fluctuation mitigation and system stability - Intelligent load management, dynamic capacity expansion, and backup power support - Flexible grid/off-grid operation for remote and weak-grid areas	- EPC contractors specialized in energy storage projects and power plant developments - Batteries and energy storage products manufacturers	Power generation groups, grid companies, power construction companies, and power system operators in the PRC	- Enhanced power system stability, safety, and efficiency - Increased renewable energy utilization - Power coverage in underserved areas
C&I ESS	- Energy consumption optimization, cost reduction, and microgrid PV integration 24/7 green energy support for data centers with backup power and operational continuity - Distributed generation and reduction of redundancy and grid connection barriers - Provision of on-line services through Internet, increasing return on investment of ESS products and extending the lifespan of relevant ESS products	EPC contractors specialized in energy storage projects and power plant developments	High-energy-consuming enterprises such as steel plants, manufacturing factories, and data centers	- Peak shaving and stability - Cost savings on electricity - Improved energy efficiency and sustainability

SUMMARY

Our ESS

Solutions	Functionalities	Customers	Target End Users	Major Benefits
Residential ESS	- Household power generation maximization, electricity cost reduction, and energy independence enhancement - Reliable backup power during outages to improve user convenience - Comprehensive energy management with diverse hardware and real-time monitoring	Distributors	Residential users (primarily overseas, through distributors)	- Cost saving through self-generation - Improved power reliability – Ease of use via platform support

- For provision of large-scale ESS solutions and products:*** We are primarily involved in (i) providing energy storage, transmission and distribution management, enhancing the users’ capability to use wind power and optoelectronics, and effectively solve the problems of grid fluctuations, thereby enhancing overall system stability and efficiency, and optimizing the energy structure and overall efficiency of the power system; (ii) provision of intelligent load management for power transmission and distribution, realization of dynamic capacity expansion of the power grid, provision of backup power, alleviation of the power grid congestion to ensure the stability, efficiency and safety of the power grid; and (iii) acting as a new type of small power generation and distribution system, to realize the flexible switch between grid-connected operation and offline operation, achieving power coverage in areas without electricity and areas with weak power grids.

We primarily provide bundled solutions, which combine large-scale ESS products, software platforms, and related services to meet customers’ specific needs. These solutions are customizable, with an after-sales service period of one to five years, which varies depending on the specific components. The revenue model for large-scale ESS solutions is based on the sales of products and solutions, which is recognized at the point in time when control of the products is transferred to the customer.

Our end users for large-scale ESS solutions and products, all of which are located in the PRC, primarily consist of power generation groups, grid companies, power construction companies and power system operators.

SUMMARY

- ***For provision of C&I ESS solutions and products:*** We are primarily involved in (i) helping C&I enterprises to improve energy consumption management, reducing energy costs, providing backup power and support integration with microgrid systems; (ii) in combination with renewable energy, helping data centers to achieve 24/7 green energy supply, ensuring uninterrupted operation while reducing the operational costs; and (iii) acting as a new type of small power generation and distribution system to solve the problems of power generation redundancy and grid-connected barrier, thus maximizing energy utilization and enhancing system reliability.

We primarily provide bundled solutions, which combine C&I ESS products and the corresponding Internet software platforms, tailored to the specific needs of our customers. These solutions are customizable, with an after-sales service period of one to five years, which varies depending on the specific components. The revenue model for C&I ESS solutions is based on the sales of products and solutions, which is recognized at the point in time when control of the products is transferred to the customer.

Our end users for C&I ESS solutions and products, mainly located in the PRC, are characterized by high-energy-consuming enterprises with significant electricity demand and high electricity costs.

- ***For provision of residential ESS solutions and products:*** We are primarily involved in helping residential households to maximize household power generation to reduce electricity costs enhance energy independence and mitigate power outages with application of variety of hardware ESS products, including machinery and equipment for power generation, energy storage and electricity management, to improve backup power reliability and overall user convenience in diverse usage scenarios.

During the Track Record Period, the majority of our residential ESS solutions and products were sold to our distributors in the overseas markets, who onsold to end users. We maintain a buyer/seller relationship with our distributors. To support the end users, we collaborate with local distributors and provide technical support through offline teams for training and after-sales services, as well as AI-optimized platform for real-time monitoring, remote upgrades and operational assistance.

We primarily provide bundled solutions that combine standardized residential ESS products with the corresponding Internet software platforms designed for broader market deployment. These solutions include an after-sales service period of zero to 10 years. During this period, the Group provides annual technical support and training. If repair or replacement is required due to product quality issues, the Group may charge after-sales service fees at prevailing market rates. The battery cell warranty is provided separately by the supplier. The revenue model for residential ESS solutions is based on the sales of products and solutions, which is recognized at the point in time when control of the products is transferred to the customer.

SUMMARY

During the Track Record Period, the typical project duration for our ESS solutions business, from the contract execution to the final delivery of the products, was approximately three months.

EPC Services

We offer integrated EPC services, specializing in C&I energy storage projects and photovoltaic power plant development. To optimize resources and maintain efficiency, certain construction tasks may be subcontracted to qualified secondary contractors, while we retain full responsibility for project management, quality assurance and timely delivery. Throughout the project execution, we ensure integration of all phases, delivering high-quality, reliable and efficient energy solutions tailored to our customers’ needs. According to CIC, it is not uncommon for application of EPC services model in the renewable energy industry in the PRC.

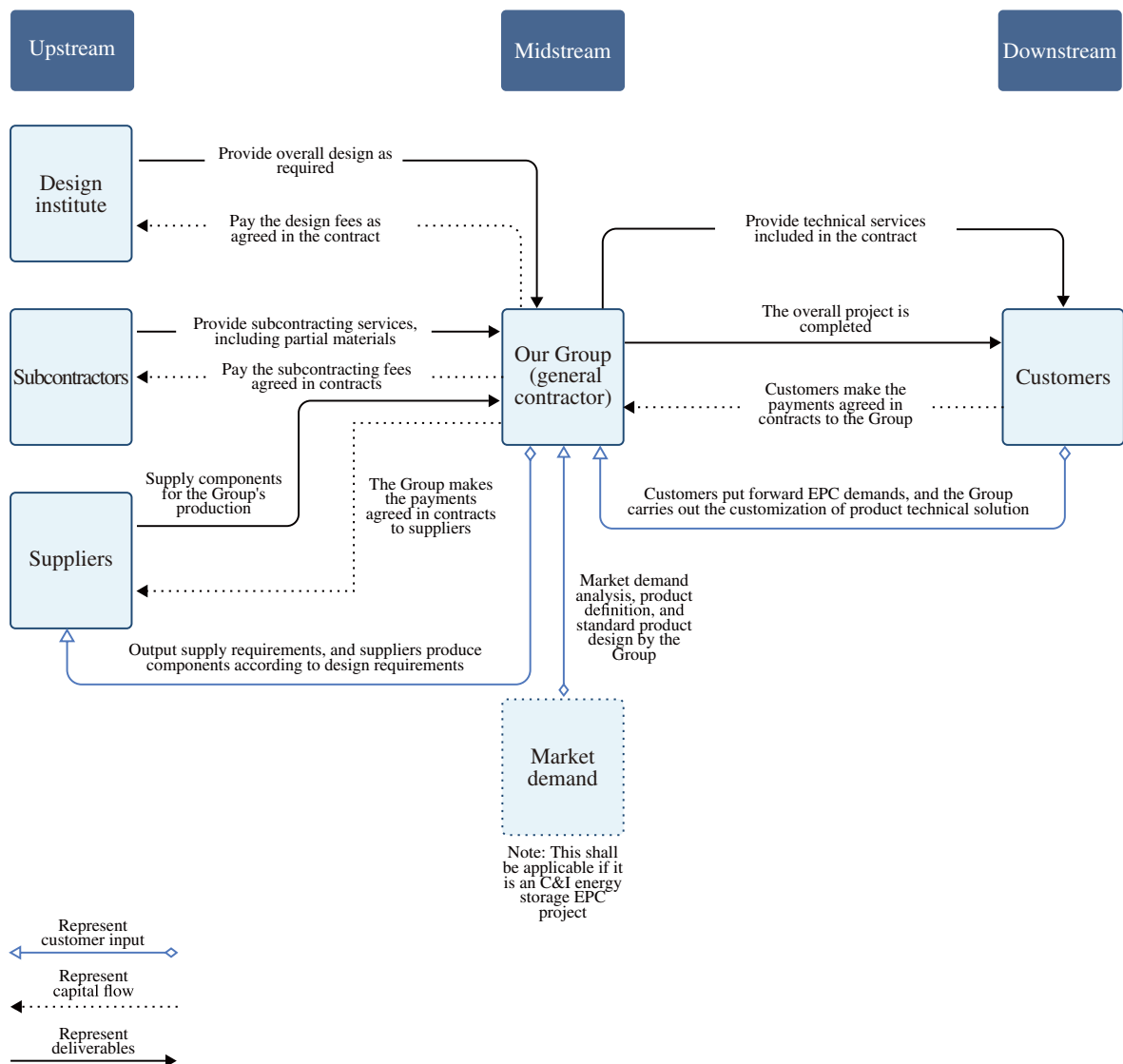
Our EPC services follow a bundled model, combining equipment, design, and construction services. These solutions are customizable, and the revenue model is project-based, recognized over time using an input method to measure progress toward the complete satisfaction of the service. Revenue is recognized based on the proportion of actual costs incurred relative to the estimated total costs of the EPC services.

During the Track Record Period, we undertook certain projects as the EPC contractor. Generally, the EPC project involved the supply and installation of advanced machinery and equipment, including liquid-cooled energy storage cabinets, PCS boost integrated machines, DC combiner cabinets, and electrical equipment cabins, showcasing our ability to handle large-scale and complex projects.

- ***Full lifecycle project management:*** Our EPC services follow a general contracting model, where we oversee the entire project lifecycle, including design, procurement and construction. This approach allows us to fully integrate resources, establish clear accountability and minimize the potential risks.
- ***Efficient subcontracting model:*** In this project, we subcontracted certain civil works to a subcontractor and used our advanced ESS products in the same project, leveraging the expertise of these specialized partners to ensure efficient and high-quality execution.
- ***Advanced technology integration:*** Our EPC services incorporate machinery and equipment such as liquid-cooled energy storage cabinets and PCS boost integrated machines, combined with precise EMS and AI technology to enable real-time monitoring and optimized performance.

SUMMARY

The following flowchart illustrates the working dynamics of our Group’s EPC services:



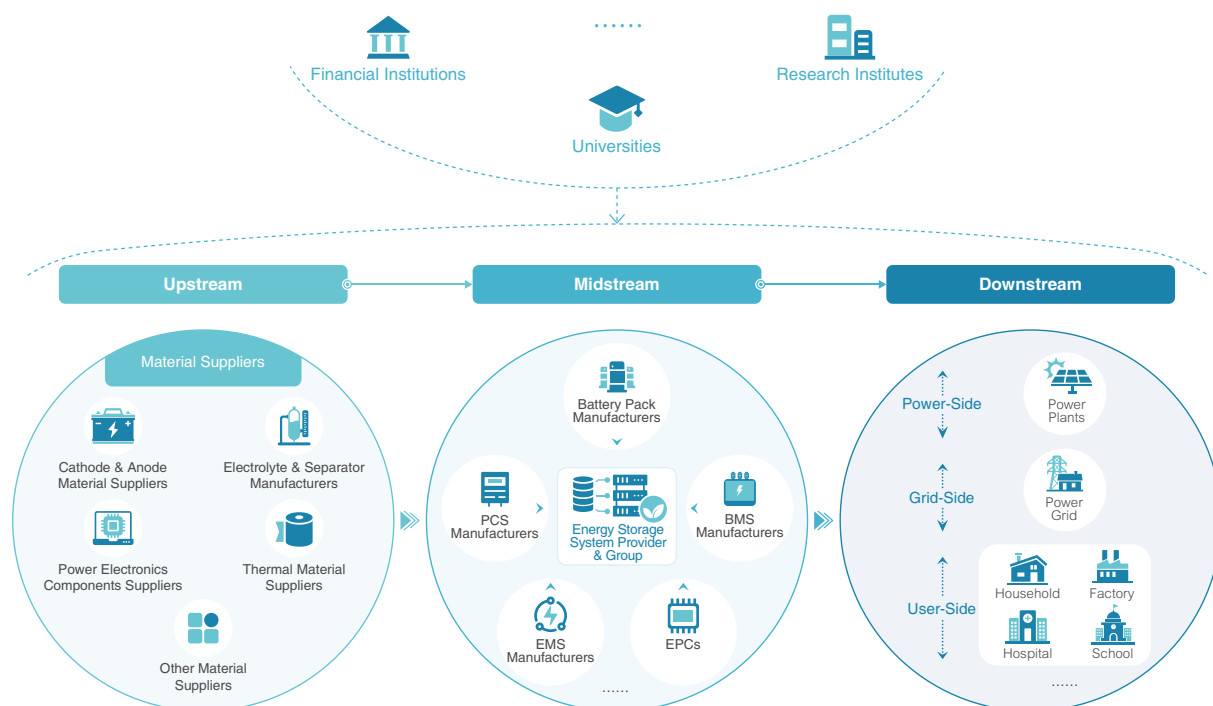
SUMMARY

Our integrated business model creates strong synergies between our core segments. Our advanced ESS solutions business attracts customers and/or the end users seeking reliable and innovative solutions, many of whom may leverage our system integration expertise for their businesses. Additionally, our EPC services enhance our competitiveness in larger-scale and complex projects. At the same time, by managing the design, procurement and construction of projects, we are able to optimize resource allocation and cost control, and improve the overall profitability of the projects.

Conversely, partnerships and large-scale projects in our EPC services are able to drive demand for our ESS solutions, while our AI-optimized solutions and products based on platform technology further strengthen our customer loyalty and satisfaction, solidifying our market position. Besides, our EPC services delivering capabilities also enhance customer stickiness and create business opportunities for follow-up operations, maintenance, energy management and upgrades, fostering long-term customer relationships.

OUR VALUE PROPOSITION

Positioning in the midstream of the entire business chain of energy storage industry, we provide products and/or solutions that support the participants in the corresponding ecosystem. The following sets forth the entire business chain of the industry and the key entities benefiting from our business and the value propositions we offer them:



- User-Side of the downstream participants:** We are able to help them effectively achieve: (i) self-generation of electricity and reduction of dependence on the grid; (ii) efficient electricity cost management; (iii) optimization of peak and off-peak price differences; and (iv) enhanced stability of electricity usage and supply;

SUMMARY

- ***Grid-Side of the downstream participants:*** We are able to help them effectively achieve: (i) alleviation of grid congestion; and (ii) improvement in capacity expansion and upgrades;
- ***Power-Side of the downstream participants:*** We are able to help them effectively achieve: (i) peak shaving of electricity supply; (ii) system frequency supervision and monitoring; (iii) auxiliary dynamic operations; and (iv) energy grid integration;
- ***Midstream participants:*** We are able to help them effectively achieve: (i) the precise entry of their relevant products into the target markets; (ii) the implementation of related integration services, operation and maintenance, effectively connecting with their customers and, where applicable, the end users; and (iii) cost reduction and better synergy through our platform’s empowerment, enhancing their competitive strengths; and
- ***Upstream participants:*** We are able to help them effectively achieve: (i) the precise entry of their relevant products into the target markets; (ii) avoid fierce competition due to product homogenization, enhancing differentiated competitive strengths; and (iii) promotion of product and/or technological innovation based on our feedback and/or joint R&D, thereby driving industry iteration and upgrading.

Besides the abovementioned, we continuously enhance the renewable energy ecosystem through various means, such as by participating in the establishment of the “large-scale energy storage ecosystem innovation alliance (大儲能生態創新聯合體)” and establishing stable partnerships with relevant universities and research institutions. These allow us to connect and integrate the upstream, midstream and downstream of the business chain to achieve mutual benefit and win-win outcomes. We believe that, supported by the strong backing of ecosystem and its empowerment, we are able to leverage the relevant resources and advantages we have acquired to drive the continuous development of our overall business and ensure the comprehensive realization of our future development strategies.

OUR PRODUCTS AND SOLUTIONS

We offer a range of ESS products for our customers in the PRC and the overseas markets with advanced management systems, including but not limited to energy management system, battery management system, thermal management system and safety protection system. Our key products include our large-scale ESS, C&I ESS and residential ESS.

Based on our hardware ESS products, we have also developed series of solutions corresponding to our categories of products, with the support of our self-developed and AI-optimized apps, namely Safe ESS and Hanchu iESS. The Safe ESS is designed with a robust cloud-edge-terminal communication and computing architecture. By combining cloud computing, Internet connectivity, edge computing and terminal device collaboration, the platform provides efficient, low-latency data processing and intelligent management services for the users. It supports both our customers for large-scale ESS solutions and products and C&I ESS solutions and products by facilitating data analysis, strategy management and remote control, thereby enhancing grid stability. Our self-developed app, Hanchu iESS, is an AI-optimized Internet-based platform that leverages IoT technology to achieve efficient energy management and

SUMMARY

optimized utilization of power for the users. It supports the users for our residential ESS solutions and products. Such users are able to get access to Hanchu iESS via a web version and mobile app to ensure a user-friendly experience for monitoring, management, maintenance and post-sales services anytime and anywhere.

We integrate AI into our ESS products and solutions to enhance automation, safety, responsiveness, and operational efficiency. AI technologies are embedded across key functions, including intelligent scheduling, battery health monitoring, safety control, user interaction, and data analytics. For example, our AI algorithms analyse real-time data such as electricity prices, load demand, weather and battery conditions to optimise charging and discharging strategies for residential and C&I ESS. We also deploy edge AI to predict battery health and manage safety risks in advance, improving system reliability. In addition, our AI-optimized apps, through approaches including but not limited to Internet, provides personalised recommendations to end users, while our unified analytics platform supports forecasting and strategic decision-making through the integration of multidimensional data sources.

Sales Volume and Average Selling Price

The following table sets forth our sales volume and average selling price of our ESS products during the Track Record Period.

	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(MWh)				
Sales Volume					
Large-scale ESS	58.0	306.0	1,653.7	66.0	1,146.0
C&I ESS	–	20.9	12.8	5.4	2.2
Residential ESS	68.4	97.1	224.7	30.3	188.5
	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB/Wh)				
Average Selling Price					
Large-scale ESS	0.3	0.4	0.5	0.7	0.4
C&I ESS	–	1.3	0.7	0.5	1.0
Residential ESS	1.5	1.4	0.9	0.8	0.6

SUMMARY

Our sales volume of both Large-scale ESS and Residential ESS increased rapidly during the Track Record Period as a result of our continuous business expansion efforts and the increase in our production volume. The average selling price of Residential ESS declined during the Track Record Period, primarily due to a decline in raw material prices and in response to market competition. The average selling price of C&I ESS decreased from 2023 to 2024, primarily due to a decline in raw material price and in response to market competition. The average selling price of C&I ESS increased for the six months ended June 30, 2025 due to our expansion into European market. From 2022 to 2024, we progressively increased the sales of large-scale ESS products that had battery cells and AC-side set-up integrated cabins assembled. As battery cells and AC-side set-up integrated cabins did not affect the overall energy storage capacity, the assembly of them into the large-scale ESS products did not lead to an increase the sales volume but increased the selling price per unit. As a result, despite of the decline in raw materials due to intensified market competition, the average selling price of large-scale ESS per Wh increased. The average selling price of large-scale ESS decreased for the six months ended June 30, 2025 as decreased the sales of ESS products that had battery cells and AC-side set-up integrated cabins assembled. According to CIC, the changes in the average selling prices of ESS mainly subject to the raw materials price and the intensity of market competition. During the Track Record Period, as the global price of lithium-ion ESS batteries, the major raw material of ESS products, generally decreased and the competition of the ESS solutions industry in China was intense, the average selling prices of ESS was in a downward trend. However, for Large-scale ESS, the product configuration generally depends on customer requirements and specifications, of which the energy storage system may include DC-side battery cabins with or without optional modules (i.e. AC-side battery cabins and battery cells) assembled. The overall capacity of an energy storage system is generally constrained by DC-side battery cabins. Thus, as optional modules are assembled in the energy storage system, the average selling price per Wh of Large-scale ESS increases accordingly. As such, the average selling prices of Large-scale ESS also depends on the product configuration on top of the raw materials price and the intensity of market competition.

According to CIC, the changes in our average selling prices during the Track Record Period were generally in line with our peers.

OUR RESEARCH AND DEVELOPMENT

Our R&D efforts consistently focus on product performance, new product development, product technology and product ecosystem, addressing the needs of our customers and the end users to ensure that we provide the most suitable solutions and products for different energy storage scenarios.

We have established an R&D center in Wuxi, Jiangsu Province, the PRC, which focuses on the R&D of IoT, Internet-enabled energy management platforms, and AI-optimized platforms, battery development, energy storage EMS dispatch modules, unattended O&M modules and 3S-integrated cluster-controlled inverter systems. As of the Latest Practicable Date, we had 122 employees involved in R&D functions. The core members of our R&D team have over 10 years of experience on average in the energy storage industry, enabling us to understand and capture the demands of our customers and/or the end users more accurately.

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We adopt the integrated product development approach for our product design and development management process. This process integrates resources and information across sales, technology/R&D, manufacturing and supply chain departments, enhancing efficiency at every stage from concept to market launch through cross-departmental collaboration, concurrent engineering and structured workflows.

Our products are primarily self-developed, with a small proportion jointly developed with partners, and certain non-core parts are outsourced to external manufacturers for production under our branding. This approach allows us to focus our R&D capacity and resources on our core areas of expertise, while leveraging on mature technologies and reliable external production for non-core parts. For example, in 2024 we jointly designed and optimized the liquid cooling plate with a partner. While the results and related intellectual property are jointly owned, we and our affiliates have full rights of use and commercialization and retain the corresponding economic benefits, thereby maintaining effective control over the jointly developed products and technologies. In additions, we have also established strong partnerships with universities and research institutions, undertaking various projects to explore and develop innovative technologies. During the Track Record Period, we entered into a joint technology development agreement with Shanghai Jiao Tong University to establish the Energy Storage Thermal Management Joint R&D Center, focusing on the R&D of new products, materials and processes in liquid cooling and air cooling innovations for packs of ESS, pack lightweighting and direct cooling technologies as well as Internet-related applications for energy management.

For the Track Record Period, all of our R&D expenditures were recognized as expenses in the period when such expenses were incurred, and our R&D expenses were RMB3.8 million, RMB16.8 million, RMB31.6 million and RMB16.7 million for the same periods respectively. See “Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss – Research and Development Expenses” for details of the rising trend in our R&D expenses during the Track Record Period.

PRODUCTION

We operate a single production base located in Wuxi, Jiangsu Province, the PRC, with a total gross floor area of approximately 28,156.01 sq.m., and established quarterly and weekly rolling production planning mechanisms to cover the delivery chain and supply chain and to realize the effective synergy among development, production, supply and sales. Based on order volumes and customer demand, we formulate production plans and guide our upstream procurement plans for raw materials and equipment.

Connecting the ERP system with workshop equipment, our MES system collects production data on a real-time basis, providing functions such as production scheduling, quality management, equipment maintenance and inventory management. Through a unified platform, our ERP system integrates core business processes within the enterprise, including finance, human resources, supply chain, production, sales and procurement, enabling real-time information sharing and process automation. The integration of MES and ERP systems, together with Internet connectivity, enables effective management from planning to execution, creating an efficient, transparent and traceable production management environment for us.

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We have separate production facilities and processes for the production of different types of ESS products with various check points throughout the entire production processes. During the Track Record Period, we expanded our annual production capacity for all our ESS products significantly, with the total annual production capacity increasing from 45.5 MWh for the year ended December 31, 2022 to 907.8 MWh for the six months ended June 30, 2025, and the total utilization rates of our production lines for all our ESS products increasing from 92.0% for the year ended December 31, 2022 to 116.7% for the six months ended June 30, 2025.

COMPETITION

According to CIC, the global ESS market is highly competitive, with over 300 players across the upstream, midstream and downstream segments. The top 30 companies accounted for over 90% of newly installed global ESS capacity in 2024. Chinese companies, supported by robust supply chains and technological capabilities, contributed over 70% of this capacity. The Group primarily operates in the midstream segment, offering integrated ESS products and solutions to a wide range of downstream customers and/or the end users.

We differentiate ourselves by providing AI-empowered, platform-based ESS solutions that integrate hardware, software and intelligent services. Our proprietary AI systems – Guoxia AI and HANCHU AI Assistant – enhance both internal efficiency and customer-facing support, and are embedded in our Safe ESS and Hanchu iESS platforms. Unlike many peers focused on hardware or standalone products, we offer modular, scenario-based systems adaptable across power-side, grid-side and user-side applications. Our full-stack capabilities and data-driven approach position us to meet evolving market demands and capture emerging opportunities. See “Industry Overview” for more details on the global ESS competitive landscape and the Group’s positioning.

We have experienced significant fluctuations in our gross profit margin during the Track Record Period, primarily due to intense market competition, which pressured our average selling prices, and raw material price volatility, especially the price changes in lithium-ion batteries. The global price of lithium-ion ESS batteries decreased from USD0.13 per Wh in 2022 to USD0.08 per Wh in 2024, contributing to cost and price fluctuations. Despite these challenges, we have implemented price adjustment mechanisms in customer contracts and flexible pricing models for residential ESS to mitigate the impact of raw material price volatility and maintain our competitive position. The price of lithium-ion batteries is expected to stabilize at USD0.06 per Wh by 2025, continuing to exert cost pressures. See “Industry Overview” for more details on the global ESS competitive landscape and the Group’s positioning.

SUMMARY

OUR COMPETITIVE STRENGTHS

- AI-driven innovation and empowerment in the renewable energy ecosystem.
- Capability for delivering AI-optimized ESS solutions and products for all-round energy usage scenarios.
- Addressing the needs of customers and end users with strong R&D capabilities.
- High-quality global customer base and sophisticated supply chain.
- Intelligently and flexibly produce high-performance products on a large scale.
- Experienced, visionary and committed management team.

OUR DEVELOPMENT STRATEGIES

- Advance our AI Capabilities to Drive the Innovation.
- Strengthen our capability to cope with the integration of energy-consumption scenarios.
- Strengthen our capability based on integration of the industry chain.
- Business model innovation centering around diversified energy usage scenarios.
- Expand our production capacity in response to market demand.

KEY RISK FACTORS

Our business and the [REDACTED] involve certain risks, including risks relating to (i) our business, industry, general operations and financial position and prospects; (ii) regulatory compliance; and (iii) the [REDACTED]. Some of the major risks that we face include:

- Price fluctuation and inadequate or interrupted supply of our materials and components, which could materially affect our gross profit margin and results of operations.
- Operating in a competitive market where we may not be able to effectively compete with existing and new competitors, which could adversely affect our business, financial condition, and results of operations.
- Reliance on market demand from downstream end markets, where any slowdown or decrease may materially impact us.
- Failure of distributors to operate successfully or maintain good relationships with us, which could materially and adversely affect our business, financial condition, and results of operations.

SUMMARY

- Limited operating history, making it difficult to evaluate our business prospects or manage growth effectively.
- Inability to derive the desired benefits from our R&D efforts, negatively affecting our competitiveness and profitability.
- Loss of or failure to obtain or renew necessary certificates, licenses, approvals, and permits, which may materially and adversely affect our business, results of operations, and financial condition.
- Evolving regulatory requirements on data protection and information security, or any related incidents, which may have a material and adverse effect on our business and results of operations.

CUSTOMERS

During the Track Record Period, our customers primarily included energy storage products distributors in the overseas market, and EPC contractors specialized in energy storage projects and power plant developments, as well as batteries and energy storage products manufacturers in the PRC market. These customers utilized our ESS solutions and products and/or engaged our EPC services. We strive to provide high-quality, innovative and reliable solutions and products for our customers and/or the end users, regardless of their size or project complexity. Our ability to serve various stakeholders in China’s renewable energy industry is a testament to the versatility of our solutions and products. We believe our customer-centered solutions and products deliver an ever-improving user experience and improve customer satisfaction, enhancing customer loyalty and stickiness. As a result, we have won numerous market recognitions and word-of-mouth referrals. Revenue generated from our top five customers for each year during the Track Record Period accounted for 98.9%, 84.5%, 66.5% and 77.7% of our total revenue for the respective year. Revenue generated from our largest customer for each year during the Track Record Period accounted for 70.4%, 30.9%, 27.9% and 41.7% of our total revenue for the respective year. None of our Directors, their associates or any shareholders of our Company, who or which to the knowledge of our Directors owned more than 5% of our Company’s issued share capital, had any interest in any of our five largest customers during the Track Record Period. For details, see “Business – Customers” in this document.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of battery cell manufacturers. The purchase from our top five suppliers for each year during the Track Record Period accounted for 68.6%, 44.3%, 46.0% and 51.0% of our total purchases for the respective year. The purchase for our largest supplier for each year during the Track Record Period accounted for 29.4%, 15.7%, 23.8% and 21.1% of our total purchases for the respective year. None of our Directors, their associates or any shareholders of our Company, who or which to the knowledge of our Directors owned more than 5% of our Company’s issued share capital, had any interest in any of our five largest suppliers during the Track Record Period. For details, see “Business – Supply Chain and Suppliers” in this document.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Our Consolidated Statements of Profit or Loss

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

	Year ended December 31,			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Revenue	141,831	314,307	1,025,613	90,623	691,370
Cost of sales	(106,211)	(230,309)	(870,606)	(78,804)	(605,107)
Gross Profit	35,620	83,998	155,007	11,819	86,263
Other income and gains, net	3,463	9,051	14,628	4,580	15,080
Research and development expenses	(3,787)	(16,811)	(31,578)	(12,303)	(16,657)
Administrative expenses	(3,224)	(14,157)	(26,125)	(12,994)	(32,575)
Selling and marketing expenses	(3,677)	(25,725)	(39,947)	(17,305)	(29,877)
Impairment losses on financial assets and contract assets, net	(255)	(1,513)	(7,353)	(789)	(7,447)
Other expenses, net	–	(2)	(337)	(286)	(14)
Finance costs	(246)	(3,043)	(10,324)	(4,862)	(5,493)
Share of losses of associates and joint ventures	–	(5)	(151)	(1)	(730)
Profit/(loss) before Tax	27,894	31,793	53,820	(32,141)	8,550
Income tax expenses	(3,617)	(3,645)	(4,701)	6,551	(2,975)
Profit/(loss) for the Year/Period	<u>24,277</u>	<u>28,148</u>	<u>49,119</u>	<u>(25,590)</u>	<u>5,575</u>
Profit/(loss) attributable to					
Owners of the parent	24,280	28,133	49,119	(25,590)	5,575
Non-controlling interests	(3)	15	–	–	–
	<u>24,277</u>	<u>28,148</u>	<u>49,119</u>	<u>(25,590)</u>	<u>5,575</u>

SUMMARY

Gross Profit and Gross Profit Margin

Our gross profit represented our revenue less cost of sales. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025 our gross profit was RMB35.6 million, RMB84.0 million, RMB155.0 million, RMB11.8 million and RMB86.3 million respectively. Gross profit margin represented our gross profit as a percentage of our revenue. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025 our gross profit margin was 25.1%, 26.7%, 15.1%, 13.0% and 12.5%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross	Gross	Gross	Gross	Gross	Gross	Gross	Gross	Gross	Gross
	Profit	profit	Profit	profit	Profit	profit	Profit	profit	Profit	profit
	margin	margin	margin	margin	margin	margin	margin	margin	margin	margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
ESS Solutions										
Large-scale ESS	5,453	31.4	23,018	20.6	93,213	11.9	3,526	8.2	52,109	10.2
C&I ESS	–	–	5,140	17.9	1,386	14.5	(63)	(2.4)	712	32.8
Residential ESS	28,396	27.8	47,317	34.1	54,236	26.0	3,750	15.1	23,485	18.8
Other ESS ⁽¹⁾	2,117	10.0	1,654	39.5	33	31.6	92	62.0	4	49.9
Sub-total	35,966	25.6	77,130	27.2	148,868	14.8	7,305	10.4	76,310	11.9
EPC Services	–	–	7,016	23.1	4,293	22.0	4,293	22.0	9,465	19.3
Others⁽²⁾	(346)	(31.6)	(148)	(29.2)	1,846	67.9	221	28.5	488	23.9
Total	<u>35,620</u>	<u>25.1</u>	<u>83,998</u>	<u>26.7</u>	<u>155,007</u>	<u>15.1</u>	<u>11,819</u>	<u>13.0</u>	<u>86,263</u>	<u>12.5</u>

Notes:

- (1) Others ESS primarily referred to gross profit and gross profit margin from sales of charging piles and fire safety ESS.
- (2) Others primarily referred to gross profit and gross profit margin from our sales of miscellaneous items such as forklifts, testing equipment and scrap battery cells sold as waste materials.

SUMMARY

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical locations for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross		Gross		Gross		Gross		Gross	
	Gross	profit	Gross	profit	Gross	profit	Gross	profit	Gross	profit
	Profit	margin	Profit	margin	Profit	margin	Profit	margin	Profit	margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
PRC	7,202	18.2	36,448	20.7	105,733	12.9	7,961	12.1	62,153	11.0
Europe	28,418	27.8	33,784	34.8	33,588	32.1	3,287	16.2	13,709	21.8
Africa	–	–	13,766	33.2	15,147	15.2	571	12.7	9,232	15.8
Others ⁽¹⁾	–	–	–	–	539	23.5	–	–	1,169	24.1
Total	35,620	25.1	83,998	26.7	155,007	15.1	11,819	13.0	86,263	12.5

Note:

- (1) Others primarily included gross profit and gross profit margin of other regions in Asia and South America, including, among others, Brazil, Saudi Arabia, The United Arab Emirates, Pakistan, Vietnam.

For the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2024, and 2025, our gross profit from sales in the PRC amounted to RMB7.2 million, RMB36.4 million, RMB105.7 million, RMB8.0 million, and RMB62.2 million, respectively. The corresponding gross profit margins were 18.2%, 20.7%, 12.9%, 12.1%, and 11.0%, respectively. During the Track Record Period, we experienced significant growth in our gross profit from sale in the PRC, primarily due to increasing sales of our large-scale ESS since 2023. However, there was an overall decline in gross profit margin for sales in the PRC since 2023, primarily attributable to a decline in each of the average selling prices of two types of large-scale ESS products, which included (i) ESS with only DC-side setup integrated cabins assembled, and (ii) ESS with both AC-side and DC-side setup integrated cabins assembled. Such decline was primarily due to the intensified market competition since second half of 2023. Our gross profit from sales in the PRC further increased for the six months ended June 30, 2025 as compared to the corresponding period in 2024, primarily due to an increase in our sale volume of our ESS products following our increased production capacity to meet growing demand following the relocation of our production facilities to Wuxi, Jiangsu Province, PRC in 2024. Our gross profit margins remained relative stable for the six months ended June 30, 2024 and 2025.

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For the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2024, and 2025, our gross profit from sales in Europe amounted to RMB28.4 million, RMB33.8 million, RMB33.6 million, RMB3.3 million and RMB13.7 million, respectively. The corresponding gross profit margins were 27.8%, 34.8%, 32.1%, 16.2%, and 21.8%, respectively. Our gross profit and gross profit margins from sales in Europe increased by 19.0% and 7.0 percentage points from the year ended December 31, 2022 to the year ended December 31, 2023, primarily due to favorable overseas pricing strategies following our expansion into new markets of our residential ESS in Europe, including the Netherlands and Germany, with newly engaged distributors. Our gross profit and gross profit margin from sales in Europe in 2024 remained relatively stable as compared to that of 2023. Our gross profit for sales in Europe increased significantly by 315.2% from the six months ended June 30, 2024 to the six months ended June 30, 2025, primarily due to increase in sales to customers in Europe since the second half of 2024. In addition, our gross profit margin for sales in Europe increased by 5.6 percentage points partly due to, among others, the increase in our overall selling prices due to our expansion into the European market of our C&I ESS and our continuous improvements in operational and production efficiency for the six months ended June 30, 2025 as compared to the corresponding period in 2024.

For the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2024, and 2025, our gross profit from sales in Africa amounted to nil, RMB13.8 million, RMB15.1 million, RMB0.6 million and RMB9.2 million, respectively. The corresponding gross profit margins were nil, 33.2%, 15.2%, 12.7%, and 15.8%, respectively. Since 2023, we experienced notable growth of our gross profit from sales in Africa following the entry of our residential ESS through our distributors into new markets, specifically South Africa, Zambia and Zimbabwe. Our gross profit increase significantly for the six months ended June 30, 2025 as compared to the corresponding period in 2024, partly due to, among others, our increase in sales to customers in Africa since the second half of 2024. However, there was an overall decline in gross profit margin for sales in Africa since 2023, primarily attributable to intensified market competition.

Profit/(Loss) for the Year/Period

Our net profit increased by 15.6% from RMB24.3 million for the year ended December 31, 2022 to RMB28.1 million for the year ended December 31, 2023, and further increased by 74.7% to RMB49.1 million for the year ended December 31, 2024. For the six months ended June 30, 2025, we recorded a net profit of RMB5.8 million, representing a turnaround from a net loss of RMB25.6 million for the same period in 2024. The significant increase in our net profit by 74.7% from RMB28.1 million for the year ended December 31, 2023 to RMB49.1 million for the year ended December 31, 2024, was primarily driven by (i) growth in large-scale ESS sales attributable to the strategic alignment with China’s favorable energy storage policies on large-scale energy storage systems; (ii) expanded production capacity to support the significant increase in demand for the large-scale ESS products; and (iii) growth in residential ESS sales through expanded distribution networks in Africa and Europe, partially offset by lower average selling prices for ESS products due to intensified market competition in 2024.

SUMMARY

Summary of Our Consolidated Statements of Financial Position

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

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total non-current assets	4,907	106,743	167,966	199,723
Total current assets	106,814	341,432	980,106	1,531,073
Total current liabilities	82,011	286,827	932,524	1,339,425
Net current assets	24,803	54,605	47,582	191,648
Total assets less current liabilities	29,710	161,348	215,548	391,371
Total non-current liabilities	925	66,685	22,756	91,401
Net assets	28,785	94,663	192,792	299,970

Net Current Assets

Our net current assets increased from RMB191.6 million as of June 30, 2025 to RMB218.9 million as of September 30, 2025, which was primarily due to (i) an increase in our contract assets; and (ii) an increase in our trade and bills receivables, as partially offset by (i) an increase in our interest-bearing bank and other borrowings; and (ii) a decrease in our inventories.

Our net current assets increased from approximately RMB47.6 million as of December 31, 2024 to RMB191.6 million as of June 30, 2025, which was primarily due to (i) an increase in our trade and bills receivables; and (ii) an increase in our inventories, as partially offset by an increase in our trade and bills payables.

Our net current assets decreased from approximately RMB54.6 million as of December 31, 2023 to RMB47.6 million as of December 31, 2024, which was primarily due to (i) an increase in our trade and bills payables; (ii) an increase in our interest-bearing bank and other borrowings; and (iii) an increase in our contract liabilities, partially offset by (i) an increase in trade and bills receivables; (ii) an increase in prepayments, other receivables and other assets; and (iii) an increase in financial assets at FVTPL.

Our net current assets increased from approximately RMB24.8 million as of December 31, 2022 to RMB54.6 million as of December 31, 2023. Such increase was primarily due to (i) an increase in our trade and bills receivables; (ii) an increase in our inventories; (iii) an increase in our financial assets at FVTPL; and (iv) a decrease in our contract liabilities, partially offset by (i) an increase in trade and bills payables; and (ii) an increase in our interest-bearing bank and other borrowings.

SUMMARY

Net Assets

Our net assets increased from RMB192.8 million as of December 31, 2024 to RMB300.0 million as of June 30, 2025, primarily due to (i) our total comprehensive income for the period of RMB4.9 million; (ii) capital contribution from shareholders of RMB100.0 million; and (iii) our equity-settled share award payments of RMB2.3 million.

Our net assets increased from RMB94.7 million as of December 31, 2023 to RMB192.8 million as of December 31, 2024, primarily due to (i) our total comprehensive income for the year of RMB49.2 million; (ii) capital contribution from shareholders of RMB43.8 million; and (iii) our equity-settled share award payments of RMB4.1 million.

Our net assets increased from RMB28.8 million as of December 31, 2022 to RMB94.7 million as of December 31, 2023, primarily due to (i) our total comprehensive income for the year of RMB28.1 million; (ii) capital contribution from shareholders of RMB34.1 million; and (iii) our equity-settled share award payments of RMB3.6 million.

Summary of Our Consolidated Statements of Cash Flows

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>				
Net cash flows (used in)/from operating activities	(30,321)	(72,908)	3,730	(51,884)	(204,911)
Net cash flows (used in)/from investing activities	(5,909)	(44,704)	(202,700)	(31,122)	76,147
Net cash flows from financing activities	41,200	124,548	234,963	87,790	125,100
Net increase/(decrease) in cash and cash equivalents	4,970	6,936	35,993	4,784	(3,664)
Cash and cash equivalents at the beginning of the year/period	2,369	7,296	14,236	14,236	50,262
Cash and cash equivalents at the end of the year/period	7,296	14,236	50,262	19,009	46,687

SUMMARY

Net Cash Flows Used in Operating Activities in 2022 and 2023, and the First Half of 2025

For the six months ended June 30, 2025, our net cash flows used in operating activities was RMB204.9 million, while our profit before tax was RMB8.6 million. The difference primarily represented upward adjustments for (i) non-cash depreciation and amortization of RMB8.6 million in connection with our property, plant and equipment, right-of-use assets and other intangible assets; (ii) non-cash impairment losses on trade and bills receivables of RMB7.0 million; and (iii) finance costs of RMB5.5 million, which was accounted for as financing cash outflow.

The amount is further adjusted by changes in itemized balances of working capital that have a negative effect on cash flow, including (i) an increase in trade and bills receivables of RMB439.7 million; and (ii) an increase in inventories of RMB180.1 million, as well as changes in itemized balances of working capital that had a positive effect on cashflow, including (i) an increase in trade and bills payables of RMB411.8 million; (ii) an increase in contract liabilities of RMB29.9 million; and (iii) an increase in other payables and accruals of RMB30.3 million.

For the year ended December 31, 2023, our net cash flows used in operating activities was RMB72.9 million, while our profit before tax was RMB31.8 million. The difference primarily represented upward adjustments for (i) non-cash equity-settled share award expense of RMB3.6 million; (ii) finance costs of RMB3.0 million, which was accounted for as financing cash outflow; and (iii) non-cash depreciation and amortization of RMB1.9 million in connection with our property, plant and equipment, right-of-use assets and other intangible assets.

The amount was further adjusted by changes in itemized balances of working capital that had a negative effect on cashflow, including (i) an increase in trade and bills receivables of RMB125.5 million in line with our business expansion and the corresponding growth in our sales volume; (ii) an increase in inventories of RMB88.0 million, which was mainly attributable to the expansion of our production activities; and (iii) a decrease in contract liabilities of RMB10.7 million, which was primarily due to our delivery of most of our products and the performance of most of our services associated with advanced received from customers back in 2022, as well as changes in itemized balances of working capital that had a positive effect on cashflow, including (i) an increase in trade and bills payables of RMB108.6 million, which was driven by a surge in procurement activities aligned with our growing operations.

For the year ended December 31, 2022, our net cash flows used in operating activities was RMB30.3 million, while our profit before tax was RMB27.9 million. The difference primarily represented changes in itemized balances of working capital that had a negative effect on cashflow, including (i) an increase in trade and bills receivables of RMB39.9 million, which was primarily driven by our business expansion and the corresponding growth in our sales volume, as well as our entry into emerging markets like Africa, where initial payment cycles were comparatively longer; and (ii) an increase in inventories of RMB29.5 million, which was mainly attributable to our strategic decision to enhance our purchases of raw materials in response to a significant rise in orders for our large-scale ESS in 2023, to meet the growing overseas demand for our residential ESS, and to support the expansion of production capacity, as well as changes in itemized balances of working capital that had a positive effect on cashflow, including (i) an increase in trade and bills payables of RMB20.3 million, which was driven by a surge in procurement activities aligned with our growing operations; and (ii) an increase in contract liabilities of RMB9.5 million, as a result of an increase in sales of our products along with our business growth.

SUMMARY

Net Cash Flows Used in/from Investing Activities

For the six months ended June 30, 2025, our net cash from investing activities was RMB76.1 million, mainly due to (i) proceeds from our disposal of financial assets at FVTPL of RMB89.7 million; and (ii) repayment of third party loan of RMB88.5 million, partially offset by (i) our purchases of items of property, plant and equipment and other intangible assets amounting to RMB56.1 million; and (ii) our loan to third party of RMB44.2 million.

For the year ended December 31, 2024, our net cash flows used in investing activities was RMB202.7 million, which was mainly due to (i) our payments for acquisition of financial assets at FVTPL of RMB99.9 million; (ii) our purchases of property, plant and equipment of RMB66.1 million; and (iii) our loans to third party of RMB62.3 million, partially offset by our proceeds from disposal of financial assets at FVTPL of RMB17.0 million.

For the year ended December 31, 2023, our net cash flows used in investing activities was RMB44.7 million, which was mainly due to (i) our payments for acquisition of financial assets at FVTPL of RMB55.0 million; (ii) our purchases of property, plant and equipment of RMB28.3 million, partially offset by our proceeds from disposal of financial assets at FVTPL of RMB48.0 million.

For the year ended December 31, 2022, our net cash flows used in investing activities was RMB5.9 million, which was mainly due to our purchases of items of property, plant and equipment of RMB4.3 million.

Key Financial Ratios

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

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Profit Indicators				
Return on equity ⁽¹⁾	84.3%	29.7%	25.5%	N/A ⁽⁸⁾
Return on total assets ⁽²⁾	21.7%	6.3%	4.3%	N/A ⁽⁸⁾
Gross profit margin ⁽³⁾	25.1%	26.7%	15.1%	12.5%
Net profit margin ⁽⁴⁾	17.1%	9.0%	4.8%	0.8%
Liquidity				
Current Ratio (<i>times</i>) ⁽⁵⁾	1.3	1.2	1.1	1.1
Quick Ratio (<i>times</i>) ⁽⁶⁾	0.9	0.8	0.9	0.9
Gearing Ratio ⁽⁷⁾	133.8%	213.6%	199.9%	128.8%

SUMMARY

Notes:

- (1) Return on equity is calculated based on our net profit for each reporting year/period divided by the total equity as of the end of each reporting year/period and multiplied by 100%.
- (2) Return on total assets is calculated based on our net profit for each reporting year/period divided by total assets as of the end of each reporting year/period and multiplied by 100%.
- (3) Gross profit margin is calculated based on the gross profit for each reporting year/period divided by total revenue for each reporting year/period and multiplied by 100%.
- (4) Net profit margin is calculated based on the net profit for each reporting year/period divided by the total revenue for each reporting year/period and multiplied by 100%.
- (5) Current ratio is calculated based on total current assets divided by the total current liabilities as of the end of each reporting year/period.
- (6) Quick ratio is calculated based on our total current assets excluding inventories divided by the total current liabilities as of the end of each reporting year/period.
- (7) Gearing ratio is calculated based on our debt (total interest bearing bank and other borrowings and lease liabilities) divided by our total equity as of the end of each reporting year/period and multiplied by 100%.
- (8) The six-month figure is not applicable as it is not comparable to an annual figure.

[REDACTED]

SUMMARY

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] being not exercised and an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] stated in this document. Assuming an [REDACTED] at the mid-point of the [REDACTED], we intend to use the net [REDACTED] from the [REDACTED] for the following purposes:

- (1) approximately [REDACTED]% or HK\$[REDACTED] million, will be used for enhancing our R&D capabilities, among which, (i) approximately [REDACTED]% or HK\$[REDACTED] million, will be used for enhancing our AI R&D capabilities; (ii) approximately [REDACTED]% or HK\$[REDACTED] million, will be used for strengthening our R&D efforts on enhancement of our domestic business; and (iii) approximately [REDACTED]% or HK\$[REDACTED] million, will be used for strengthening our R&D efforts on enhancement of our overseas business;
- (2) approximately [REDACTED]% or HK\$[REDACTED] million, will be used to build our overseas operational and service network to support our international growth strategies;
- (3) approximately [REDACTED]% or HK\$[REDACTED] million, will be used to expand our production capacity for our large-scale ESS product, C&I ESS product and residential ESS product to further achieve our growth strategies; and
- (4) approximately [REDACTED]% or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

See “Business – Our Development Strategies” and “Future Plan and Use of [REDACTED]” in this document for details.

SUMMARY

DIVIDENDS

No dividend has been paid or declared by us during the Track Record Period. After completion of the [REDACTED], our shareholders will be entitled to receive dividends declared by us. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

According to the PRC law, for distribution of any future net profit of the current year we will be obliged to allocate 10% of our net profit to our statutory reserve fund until such fund has reached more than 50% of our registered capital. If a company’s statutory reserve is insufficient to cover previous years’ losses, the current year’s profits shall first be used to cover such losses before being set aside. We will therefore only be able to declare dividends after (i) all our historically accumulated losses, if any, have been made up for; and (ii) we have allocated sufficient net profit to our statutory reserve fund as described above.

The determination of whether to pay a dividend and in which amount is based on our results of operations, cash flow, financial condition, capital requirements and other factors the Board may deem relevant. Although currently we do not have a formal dividend policy, any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder’s meeting and the compliance with our Articles of Association and relevant regulatory requirement.

[REDACTED]

Our [REDACTED] mainly include sponsor’s fee, [REDACTED], professional fees paid to legal advisers, the reporting accountants and other professional advisers for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] million (HK\$[REDACTED] million), representing [REDACTED]% of the [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. Our [REDACTED] are categorized into [REDACTED]-related expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million) and non-[REDACTED]-related expenses of approximately RMB[REDACTED] million (equivalent to HK\$[REDACTED] million), representing [REDACTED]% and [REDACTED]%, respectively, of the [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. The non-[REDACTED]-related expenses can be further classified into fees and expenses of legal advisers and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million) and other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), representing [REDACTED]% and [REDACTED]%, respectively, of the [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] in aggregate of RMB[REDACTED] million (equivalent to HK\$[REDACTED] million), of which RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) was charged to the consolidated statements of profit or loss and RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) is expected to be accounted for as a deduction from equity upon the [REDACTED]. We expect to incur

SUMMARY

[REDACTED] of approximately RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) for the year ending December 31, 2025, of which approximately RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) is expected to be charged to the consolidated statements of profit or loss and approximately RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) is expected to be recognized as a deduction in equity directly upon [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was directly owned as to approximately (i) 29.23% by Hainan Xuding, which is an investment vehicle of Mr. Feng and Mr. Liu for the purpose of exclusively holding interests in the Company and has no operations, and was owned as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu, (ii) 14.17% by Wuxi Luanhua, which was owned as to approximately 0.53% by its sole general partner, Mr. Feng, and approximately 70.68% by Mr. Zhang, (iii) 7.14% by Wuxi Xiyun, which was owned as to approximately 1.06% by its sole general partner, Mr. Zhang, (iv) 3.26% by Mr. Liu, (v) 2.67% by Mr. Feng, (vi) 1.74% by Mr. Zhang, and (vii) 0.32% by Wuxi Jiqing, which was owned as to approximately 0.09% by its sole general partner, Mr. Feng. As Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing had collectively controlled the exercise of approximately 58.54% voting rights at the general meetings of our Company, Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing are considered to be a group of Controlling Shareholders.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing will collectively hold approximately [REDACTED]% of our total issued Shares. Accordingly, Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing will remain as our Controlling Shareholders immediately after [REDACTED]. See “Relationship with Controlling Shareholders” for further details.

[REDACTED] INVESTMENTS

From April 2019 to April 2025, our Company entered into seven rounds of [REDACTED] investment agreements with our [REDACTED] investors, which included, among others, Kaibo Hongcheng and Shenzhen Ningqian. The aggregate consideration involved in the [REDACTED] Investments was approximately RMB164.8 million. As of the Latest Practicable Date, all of the proceeds from the [REDACTED] Investments was utilized. The Shares held by the [REDACTED] investors are subject to a lock-up period of 12 months following the [REDACTED] pursuant to the applicable PRC Company Law. For further details of the [REDACTED] Investments and the identity and background of our [REDACTED] investors, see “History – [REDACTED] Investments” in this document.

SUMMARY

RECENT DEVELOPMENTS

As of August 31, 2025, the average selling price (“ASP”) of our large-scale ESS products was approximately RMB0.4 per Wh, remained relatively stable as compared to approximately RMB0.4 per Wh as of June 30, 2025. No sales of C&I ESS products were recorded during July and August 2025, and therefore no comparable ASP data for this period are available.

The ASP of our residential ESS products was approximately RMB0.7 per Wh as of August 31, 2025, compared to approximately RMB0.6 per Wh as of June 30, 2025. The increase in ASP of our residential ESS products was primarily driven by (i) price adjustments made in response to higher battery cell costs, and (ii) an optimized product mix emphasizing new and upgraded models with higher performance and unit prices.

In respect of raw materials, the procurement cost of battery cells, a key component of our ESS products, showed an upward trend in 2025 as supply tightened and downstream demand remained strong, particularly in the second half of the year when both sales volume and prices increased. To mitigate the impact of such rising costs and manage cash flow, the Group (i) promoted a “customer-provided cell” model in large-scale ESS projects, whereby project owners directly procure and supply battery cells, reducing exposure to price volatility; (ii) strengthened supply chain stability for residential ESS products through its strategic cooperation with CALB Group Co., Ltd., which provides preferential pricing and priority supply during tight market conditions; and (iii) adjusted product mix and market strategy by negotiating price increases with certain overseas customers, optimizing product architecture to reduce redundancy and improve cost-performance balance, and introducing new residential ESS products with higher functionality and pricing to partially offset rising material costs.

Based on our unaudited management accounts as of August 31, 2025, we recorded an increase in both revenue and gross profit for the two months ended August 31, 2025 as compared to the corresponding period in 2024.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since June 30, 2025, being the end of the Track Record Period, and there is no event since June 30, 2025 which would materially affect the information shown in the Accountants’ Report, the contents of which are set out in Appendix I to this document.

DEFINITIONS

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

“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix V to this document
“Audit Committee”	audit committee of the Board
“Board” or “Board of Directors”	the Board of Directors of our Company
“Board of Supervisors”	the board of Supervisors of our Company
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
“CAGR”	compound annual growth rate

[REDACTED]

“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this document only, Hong Kong, Macau and Taiwan
“Chinese Government” or “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

DEFINITIONS

“CIC”	China Insights Industry Consultancy Limited, the independent industry consultant of our Company
“CIC Report”	a commissioned industry report prepared by CIC
“Company Law” or “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
“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” or “our Company”	Guoxia Technology Co., Ltd.* (果下科技股份有限公司), a limited liability company established in the PRC on January 4, 2019 as Shanghai Guoxia Technology Co., Ltd.* (上海果下科技有限公司) (and subsequently changed its name into Jiangsu Guoxia Technology Co., Ltd.* (江蘇果下科技有限公司)), which was converted into a joint stock company with limited liability on February 25, 2025
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Feng, Mr. Zhang, Mr. Liu, Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun and Wuxi Jiqing
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Indemnity”	the deed of indemnity dated [•] entered into by the Controlling Shareholders in favor of our Company (for and on behalf of our Company and as trustee for each of our subsidiaries)
“Deed of Non-Competition”	the deed of non-competition dated [•] entered into by the Controlling Shareholders in favor of our Company (for and on behalf of our Company and as trustee for each of our subsidiaries)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Dr. Bai” Dr. Bai Yang (白洋), an executive Director, a senior deputy president, a general manager of domestic business unit, a technical director of domestic business unit and a chief engineer of our Company

“EIT Law” Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Extreme Conditions” extreme conditions caused by a super typhoon as announced by the government of Hong Kong

“GAAP” Generally Accepted Accounting Principles

[REDACTED]

“Group”, “our Group”,
“we” or “us” our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

[REDACTED]

“Guoxia Intelligent Equipment” Wuxi Guoxia Intelligent Equipment Co., Ltd.* (無錫市果下智能裝備有限公司), a company established in the PRC with limited liability on January 14, 2020 and being owned as to 99% by our Company and 1% by Mr. Chen Siyu (陳思宇), who is an employee of our Company

DEFINITIONS

“Hainan Xuding” Hainan Xuding Information Management Consulting Co., Ltd.* (海南虛鼎信息管理諮詢有限公司) (formerly known as Shanghai Xuding Culture Development Co., Ltd* (上海虛鼎文化發展有限公司)), a company established in the PRC with limited liability on November 11, 2015 and being owned as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu, respectively, and is a Controlling Shareholder

“H Share(s)” ordinary share(s) in the share capital of our Company with a nominal value of RMB[REDACTED] each, which are to be subscribed for and traded in Hong Kong dollars and to be [REDACTED] on the Stock Exchange

[REDACTED]

“HK\$” or “HK dollars” Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong” or “HK” Hong Kong Special Administrative Region of the PRC

“Hong Kong Listing Rules” or “Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[REDACTED]

DEFINITIONS

[REDACTED]

“Hubei Guoxia”	Hubei Guoxia Energy Technology Co., Ltd.* (湖北果下能源科技有限公司) (formerly known as Hubei Hanchu Energy Technology Co., Ltd* (湖北漢楚能源科技有限公司)), a company established in the PRC with limited liability on November 9, 2023, and a wholly-owned subsidiary of our Company
“IFRSs”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/ are not connected with our Company or our connected persons as defined under the Listing Rules

DEFINITIONS

[REDACTED]

“Jiangsu Anchun”	Jiangsu Anchun Energy Technology Co., Ltd.* (江蘇安儲能源科技有限公司), a company established in the PRC with limited liability on July 12, 2022, and a wholly-owned subsidiary of our Company
“Jiangsu Hanchu”	Jiangsu Hanchu Energy Technology Co., Ltd.* (江蘇漢儲能源科技有限公司), a company established in the PRC with limited liability on January 25, 2022 and a wholly-owned subsidiary of our Company
“Jiangsu Keguo”	Jiangsu Keguo Yuanchuang Technology Co., Ltd.* (江蘇科果源創科技有限公司), formerly known as Jiangsu Keliyuan Guoxia Technology Co., Ltd.* (江蘇科力遠果下科技有限公司), a company established in the PRC with limited liability on April 1, 2024 and a non wholly-owned subsidiary of our Company which is being owned as to 51% by our Company and 49% by Fengchu Energy Holdings (Shenzhen) Co., Ltd.* (鳳儲能源控股(深圳)有限公司) (which is ultimately owned by Mr. Huang Sibao, who is an Independent Third Party)

DEFINITIONS

“Jiangsu Yunchu” Jiangsu Yunchu Digital Energy Technology Co., Ltd.* (江蘇雲儲數字能源科技有限公司), a company established in the PRC with limited liability on January 24, 2022, and a wholly-owned subsidiary of the Company

“Jiuhong Liangyu” Hubei Jiuhong Liangyu Construction Engineering Co., Ltd.* (湖北久宏良宇建設工程有限公司), a company established in the PRC with limited liability on December 28, 2018 and a wholly-owned subsidiary of the Company

[REDACTED]

“Kaibo Hongcheng” Kaibo Hongcheng (Hubei) Private Equity Investment Fund Partnership (Limited Partnership)* (凱博鴻成(湖北)私募股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on January 31, 2024 and our Shareholder owning approximately 6.22% of our Shares as at the Latest Practicable Date, further information of which is set out in “History, Development and Corporate Structure – [REDACTED] Investments – Information about the [REDACTED] Investors”

“Latest Practicable Date” [October 24], 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“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 Stock Exchange

DEFINITIONS

“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Feng”	Mr. Feng Lizheng (馮立正), our founder, the chairman of our Board, an executive Director and a Controlling Shareholder
“Mr. Liu”	Mr. Liu Ziye (劉子葉), our founder, an executive Director, an executive president and a Controlling Shareholder
“Mr. Qian”	Mr. Qian Zenglei (錢增磊), a Supervisor and the digital director of the overseas business unit of our Company
“Mr. Wang”	Mr. Wang Zhenlin (王振淋), an executive Director, a deputy president, an assistant to the Chairman, a financial director and one of the joint company secretaries of our Company
“Mr. Zhang”	Mr. Zhang Xi (張晰), an executive Director, a general manager and a Controlling Shareholder
“Mr. Zhu”	Mr. Zhu Shuaishuai (朱帥帥), an executive Director, a senior deputy president, a general manager of our overseas business unit, and a product director of the overseas business unit of our Company
“Ms. Hu”	Ms. Hu Yifang (胡一芳), an employee representative Supervisor and a finance manager of our Company
“Ms. Leung”	Ms. Leung Hoi Yan (梁皚欣), one of the joint company secretaries of our Company
“Ms. Sun”	Ms. Sun Beibei (孫蓓蓓), the chairman of our Board of Supervisors, a deputy general manager of our overseas business unit and a operation director of the overseas business unit of our Company
“NASDAQ”	the National Association of Securities Dealers Automated Quotations Stock Market
“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

DEFINITIONS

“NPC” the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

“PBOC” the central bank of the People’s Republic of China (中國人民銀行)

“PRC GAAP” generally accepted accounting principles of the PRC

“PRC Legal Advisor” Commerce & Finance Law Offices, the PRC legal advisor to our Company in connection with the [REDACTED]

“[REDACTED] Investment(s)” the [REDACTED] investment(s) conducted by certain [REDACTED] investors of our Group, details of which are set out in “History – [REDACTED] Investments”

[REDACTED]

DEFINITIONS

[REDACTED]

“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 (中國國家外匯管理局)
“SASAC”	State owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SAT”	the State Administration of Taxation of the PRC (中國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB[0.2] each upon the completion of the Share Subdivision; before the completion of the Share Subdivision, ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each
“Share Subdivision”	the sub-division of the Shares by our Company where our Company subdivided its Share from [REDACTED] into [REDACTED], which was approved on April 18, 2025 by our then Shareholders and effective upon the [REDACTED]
“Shareholders(s)”	holder(s) of the Share(s)

DEFINITIONS

“Shenzhen Ningqian”

Shenzhen Ningqian Private Venture Capital Fund Management Co., Ltd* (深圳寧乾私募創業投資基金管理有限公司), formerly known as Hebei Ningqian Investment Management Co., Ltd* (河北寧乾投資管理有限公司), a limited liability company established in the PRC on November 13, 2015 and our Shareholder owning approximately 0.50% of our Shares as at the Latest Practicable Date, further information of which is set out in “History, Development and Corporate Structure – [REDACTED] Investments – Information about the [REDACTED] Investors”

“Sole Sponsor”

China Everbright Capital Limited, a corporation licensed under the SFO and permitted to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

[REDACTED]

“State Council”

the State Council of the PRC (中華人民共和國國務院)

“Supervisor(s)”

member(s) of our Board of Supervisors

“Track Record Period”

the three financial years ended December 31, 2024, and the six months ended June 30, 2025; and the phrase “during the Track Record Period” or “for the Track Record Period” followed by a series of figures or percentages, refers to information relating to the three financial years ended December 31, 2024 and the six months ended June 30, 2025

[REDACTED]

“Unlisted Share(s)”

ordinary share(s) in the share capital of our Company with a nominal value of RMB[REDACTED] each, which are subscribed for and paid up in RMB and are unlisted shares not currently listed or traded on any stock exchange

DEFINITIONS

“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Wuxi Jiekaiyao”	Wuxi Jiekaiyao New Energy Co., Ltd* (無錫捷凱耀新能源有限公司), a company established in the PRC with limited liability on May 20, 2025, and a wholly-owned subsidiary of our Company
“Wuxi Jiqing”	Wuxi Jiqing Management Consulting Partnership (Limited Partnership)* (無錫霽青管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on October 14, 2024, and an employee incentive shareholding platform of our Company
“Wuxi Luanhua”	Wuxi Luanhua Management Consulting Partnership (Limited Partnership)* (無錫樂華管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 8, 2023, and a senior management incentive shareholding platform of our Company
“Wuxi Xiyun”	Wuxi Xiyun Management Consulting Partnership (Limited Partnership)* (無錫溪雲管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 8, 2023, and a core employee incentive shareholding platform of our Company
“Wuxi Yuebai”	Wuxi Yuebai Management Consulting Partnership (Limited Partnership)* (無錫月白管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 13, 2023, and our Shareholder owning approximately 4.80% of our Shares as at the Latest Practicable Date, further information of which is set out in “History, Development and Corporate Structure – [REDACTED] Investments – Information about the [REDACTED] Investors”

[REDACTED]

“Yuanda New Energy”	Zibo Yuanda New Energy Co., Ltd.* (淄博遠達新能源有限公司), a company established in the PRC with limited liability on January 5, 2023, and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Zhejiang Guoxia”	Guoxia Technology (Zhejiang) Co., Ltd.* (果下科技(浙江)有限公司), a company established in the PRC with limited liability on April 23, 2023, and a wholly-owned subsidiary of the Company
“Zibo Yunchang New Energy”	Zibo Yunchang New Energy Co., Ltd.* (淄博運昌新能源有限公司), a company established in the PRC with limited liability on January 5, 2023, and an indirect wholly-owned subsidiary of our Company
“%”	percent

In this document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” “subsidiaries” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

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

* For identification purpose only

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains certain definitions and technical terms used in this document in connection with our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

“AC”	alternating current, an electric current that periodically reverses direction, commonly used in power transmission and distribution systems
“AI”	artificial intelligence
“BMS”	battery management system
“BOM”	bill of materials
“C&I”	commercial and industrial
“CAE”	computer-aided engineering
“CE”	Conformité Européenne, a certification mark that indicates a product complies with safety, health and environmental protection standards of European Union
“Central China”	a geographic region in China generally covering Hubei, Henan and Hunan Provinces
“CFD”	computational fluid dynamics
“cloud-edge collaboration”	a computing model that enables data processing across cloud and edge devices to enhance real-time data analysis and system efficiency
“DC”	direct current, an electric current that flows in one direction continuously, widely used in batteries and electronic devices
“EMS”	energy management system
“ESS”	energy storage systems
“ESOP”	equipment standard operating procedure
“EPC”	engineering, procurement and construction, a contractual framework for executing large-scale infrastructure projects, including energy storage and photovoltaic systems

GLOSSARY OF TECHNICAL TERMS

“ERP”	enterprise resource planning, a software system that integrates core business processes, including manufacturing, supply chain, finance and human resources
“FOB”	free on board, a trade term indicating that the seller fulfills delivery when goods pass the ship’s rail at the port of shipment, with the buyer assuming responsibility thereafter
“GB”	the national standards of China established to ensure quality, safety and consistency across various industries and products
“Grid Congestion”	a condition where electricity demand exceeds the transmission capacity of the power grid in a specific area, resulting in delivery inefficiencies or limitations
“Grid Fluctuations”	variations in the stability of the power grid, including changes in voltage, frequency or power supply, which may affect equipment performance and require balancing mechanisms
“Grid-Side”	the builders and operators of grid infrastructure in the PRC
“GWh”	gigawatt hour, a unit of energy equal to one billion watt hours, commonly used to measure large-scale electricity generation or consumption
“HVAC”	heating, ventilation and air conditioning
“IEC”	International Electrotechnical Commission, an organization that publishes international standards for electrical, electronic, and related technologies
“iESS”	intelligent Energy Storage System, an energy storage solution that integrates technology for managing and optimizing energy storage and distribution
“Independent ESS”	an energy storage system exclusively developed and operated for a single end user, providing tailored energy storage services such as peak shaving and backup power without shared infrastructure
“IP”	ingress protection, a standard that rates the degree of protection an enclosure provides against intrusion of solids and liquids
“IoT”	internet of things

GLOSSARY OF TECHNICAL TERMS

“large-scale ESS”	an ESS that stores and releases large amounts of electricity, enhancing grid stability, energy distribution and renewable energy integration, with our customers mainly being power generation groups, grid companies, power construction companies and power system operators in the PRC
“kV”	kilo voltage, electricity voltage measurement unit
“LFP”	lithium iron phosphate, a type of lithium-ion battery known for its safety, long cycle life and thermal stability, commonly used in ESS products and electric vehicles
“Load Management”	the process of controlling or optimizing electricity usage by adjusting or shifting demand across different times to enhance efficiency and reduce grid stress
“MES”	manufacturing execution system is computerized system used in manufacturing to track and document the transformation of raw materials to finished goods. Manufacturing execution system provides information that helps manufacturing decision makers understand how current conditions on the plant floor can be optimized to improve production output
“Multi-use ESS”	an energy storage system jointly developed, invested in, or used by multiple parties, such as grid operators, renewable energy producers, C&I users or third-party investors, which provides shared services including peak shaving, frequency regulation, and backup power
“MPP”	metalized polypropylene film, a type of dielectric film used in capacitors, offering high insulation resistance and stability for energy storage applications
“MW”	megawatt, a unit of power equal to one million watts, used to measure energy generation or consumption capacity
“MWh”	megawatt hour, a unit of energy equal to one million watt hours, used to quantify electricity output or consumption.
“O&M”	operation and maintenance
“PCS”	power conversion system, a system that regulates power flow between the grid, energy storage systems, and end users by converting electrical energy between different forms

GLOSSARY OF TECHNICAL TERMS

“Peak Shaving”	the reduction of electricity consumption during peak demand periods by using stored energy to supply power, thereby decreasing reliance on the power grid
“Power-Side”	the enterprises for electricity generation and supply in the PRC
“PV”	photovoltaic, technology that converts sunlight into electrical energy using semiconductor-based solar cells
“R&D”	research and development
“SOC”	State of Charge, a key metric that indicates the current charge level of a battery as a percentage of its total capacity
“SOH”	State of Health, a key metric that reflects the overall condition and performance capability of a battery compared to its original specifications
“SOP”	standard operating procedure
“UL”	Underwriters Laboratories, an organization that develops safety standards and conducts testing for product compliance
“User-Side”	the users of ESS solutions and products in the C&I fields and residential fields
“3S”	BMS, EMS, and PCS
“Wh”	watt hour, electricity quantity measurement unit
“V”	voltage, electricity voltage measurement unit

FORWARD-LOOKING STATEMENTS

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

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this document. Forward-looking statements can be identified by words such as “may,” “will,” “should,” “would,” “could,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “continue,” “seek,” “estimate,” or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- our dividend policy;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;

FORWARD-LOOKING STATEMENTS

- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;
- the actions of and developments affecting our major customers and suppliers; and
- certain statement in the sections headed “Risk Factors”, “Industry Overview”, “Regulatory Overview”, “Business”, “Financial Information”, “Relationship with our Controlling Shareholders” and “Future Plans and Use of [REDACTED]” with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this document speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

RISK FACTORS

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

RISKS RELATING TO OUR BUSINESS, INDUSTRY, GENERAL OPERATIONS AND FINANCIAL POSITION AND PROSPECTS

Price fluctuation and inadequate or interrupted supply for our materials and components could adversely affect our business, financial condition, gross profit margin, and results of operations.

Prices of raw materials have a significant impact on our cost of sales. During the Track Record Period, our materials and components costs was RMB100.3 million, RMB198.7 million, RMB819.3 million and RMB532.2 million, respectively, accounting for 94.4%, 86.3%, 94.1% and 87.9% of our cost of sales for the same periods, respectively. See “Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss – Cost of sales” in this document for details. The current or expected supply of our key materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of resources in the materials and components market, market demand, potential speculation, market disruptions, natural disasters and other factors. We may not be able to obtain stable and high-quality materials and components at reasonable prices at all times.

During the Track Record Period, the fluctuation in the prices of battery cells significantly impacted our gross profit margin, resulting in material volatility in our overall profitability. Specifically, the gross profit margin of all our ESS products experienced substantial variations over the Track Record Period, reflecting the price fluctuations of core raw materials. Since 2022, the sharp decline in lithium carbonate prices and the expansion of lithium-ion ESS battery production have significantly reduced price of lithium-ion ESS batteries, driving a notable drop in the prices of lithium-ion ESS products as well. The price of lithium-ion energy storage battery fell from USD0.13/Wh in 2022 to USD0.08/Wh in 2024, and are expected to further decrease to USD0.06/Wh by 2030. These fluctuations in lithium-ion battery prices have had a significant impact on both our cost structure and our gross profit margin. See “Industry Overview” in this document for details.

RISK FACTORS

We cannot assure you that the prices of principal materials and components needed for our products would become favorable to us in the future, and also, we cannot assure you that we will not experience significant fluctuation in the prices of materials and components in the future. Under such circumstances, we may need to adjust the prices of our products accordingly. However, we cannot assure you that we will be able to pass all or a portion of our 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.

We operate in a competitive market and we may not be able to effectively compete with existing and new competitors.

The ESS market in which we operate is competitive. According to CIC, there are more than 300 participants globally, with top 30 companies counted for over 90.0% of the newly installed ESS capacity in 2024. See “Industry Overview” in this document for details.

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 materials and components 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 solution and product offerings than ours, which may better position them to withstand a decline or shift in demand for certain types of ESS solutions and products. Moreover, many market players in China, who may have more capital, market share and/or technology resources than we do, have been actively expanding their production capacity of ESS solutions and products in recent years. Leveraging on their competitive advantages, they may enjoy benefits from economy of scale, and adopt aggressive business expansion strategy, which allow them to offer their ESS solutions and 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 provide our solutions and products to overseas customers, we are subject to competition globally. In certain of our target markets, local 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. Such local companies may have stronger relationships with local governments in certain regions, and may be more focused and experienced in provision of solutions and products in the markets where we compete. Our failure to adapt to changing market conditions and to compete successfully with existing or new local 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 sold our solutions and products to our overseas customers, i.e., majority of them are our distributors who are located in a number of overseas countries and jurisdictions, which are subject to legal, regulatory, operational and other risks inherent in such sales.

During the Track Record Period, our revenue generated from our sales to our overseas customers was RMB102.2 million, RMB138.6 million, RMB206.5 million and RMB126.2 million, respectively, accounted for 72.1%, 44.1%, 20.1% and 18.2% of our total revenue for the same periods, respectively. In this regard, we are subject to legal, regulatory, operational, economic, commercial and other risks associated with such sales in multiple jurisdictions, primarily including:

- fluctuations in foreign currency exchange rates;
- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing and distribution presence;
- difficulty in providing efficient customer service and support in overseas markets;
- risks associated with dealing with regulatory regimes, regulatory bodies and government policies with which we might be unfamiliar, in order to obtain overseas permits, licenses and approvals necessary to market and sell solutions and products in or to overseas jurisdictions;
- unfavorable economic and geopolitical conditions;
- potential impacts of intensifying trade tensions, including tariffs, trade restrictions, or other barriers, which may affect our ability to compete in overseas markets;
- limited exposure to North America, a key region impacted by the trade war, but potential risks if trade tensions expand into Europe or Africa;
- adverse changes in international laws and agreements, especially those affecting trade and investment;
- high costs relating to compliance with the commercial and legal requirements of overseas markets, including those relating to labor, environmental and industry-specific regulations;
- risks associated with local unions and employment disputes, including allegations of discrimination, harassment, violation of collective bargaining agreements, wrongful termination, among others;

RISK FACTORS

- difficulty in obtaining or enforcing intellectual property rights;
- strict foreign exchange controls and cash repatriation restrictions;
- unanticipated changes in prevailing political and economic conditions and regulatory requirements;
- the instability of governments and/or their policies, including the threat of war, or terrorist attacks;
- sanctions against certain countries or organizations, or prohibitions on certain activities;
- the difficulty of enforcing agreements and protecting assets through legal systems in certain countries; and
- trade barriers such as export requirements, sanctions, tariffs, licensing, and other restrictions and expenses.

Our overseas business depends in part on our ability to succeed in managing such risks. The risks and their potential impacts on us or our business partners vary from country to country and are difficult to predict with any degree of accuracy. We may not be able to develop and implement policies and strategies that address these risks effectively in each location in which we conduct business, and there can be no assurance that our exposure to such risks, which may become greater as we expand our overseas operations, will not adversely affect our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

We rely on the market demand for our solutions and products from their downstream end markets. Any slowdown or decrease in downstream demand may have a material impact on us.

During the Track Record Period, our downstream end markets are mainly different ESS solutions and products end users, such as grid operators, power plants, C&I users and residential users, supporting diverse energy storage applications. Any material turbulences or downturn in the downstream industries may reduce their demands for our solutions and products, which in turn, may have a material impact on our business operations and financial conditions. For example, changes in policies, technology upgrades or other market dynamics may adversely affect these end markets. There is no assurance that the downstream demand for our solutions and products will remain at the same level as in the past or continue to increase in the future.

RISK FACTORS

If our distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.

Our distributors play an important role in expanding our geographic footprint to countries outside of the PRC. As of December 31, 2022, 2023, 2024 and June 30, 2025, there were one, two, eight and 10 distributors in our distribution network, respectively. During the Track Record Period, revenue generated from our distributors was in the amount of RMB99.9 million, RMB138.6 million, RMB200.5 million and RMB123.3 million, respectively, accounted for 70.4%, 44.1%, 19.5% and 17.8% of our total revenue for the same periods, respectively. See “Business – Customers – Customers, sales and distribution” in this document for details.

Our distributors may not be able to market and sell our solutions and products successfully or maintain their competitiveness as a result of various factors. If the sales volumes of our products to the end users are not maintained at a satisfactory level, our distributors may not place orders for new solutions and products with us, or they may reduce orders or ask for discount on the purchase price. The loss of our distributors, or reduced orders from them, could adversely affect our access to the end users and our sales volume and revenue.

Failure to maintain our business relationships with existing distributors, to establish relationships with new distributors upon the loss of our existing distributors, and to manage and expand our distributors’ distribution coverage could adversely affect our distribution network and hence our business, as well as our brands, results of operations and financial condition. Our ability to expand distribution coverage is also affected by changes in the relevant regulatory requirements, competitive landscape and consumer needs. Failure to effectively respond to such changes may result in an adverse effect on our business and prospects. In addition, if our distributors fail to effectively market and sell our solutions and products, our market reputation may be damaged, and our ability to grow our business may be adversely affected.

We may fail to effectively manage our distributors and their sub-distributors. Actions taken by our distributors or their sub-distributors could materially and adversely affect our business, prospects and reputation.

Our ability to maintain and grow our business will depend on our ability to maintain an effective distribution channel that ensures the timely and effective delivery of our solutions and products to the relevant overseas markets. We cannot guarantee that these will be sufficient to address all issues that may arise. Specifically, we do not have direct control over sub-distributors engaged by our distributors. Sub-distributors are engaged with our consent, but they are managed independently by our distributors, and we do not define, track, or collect detailed information on their operations, inventory, or sales. Any failure by our distributors or their sub-distributors to comply with our agreements, policies, or regulatory requirements could adversely affect our business. If our distributors or their sub-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;

RISK FACTORS

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

Any violation or alleged violation by our distributors or their sub-distributors of the distribution agreements 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 have a limited operating history, making it difficult to evaluate our business prospects, and we may not be successful in expanding our operations or managing our growth.

We commenced business operations in 2019. Our limited operating history makes it difficult to evaluate our business prospects, and to plan for our future. We have relatively limited historical data for making judgments on the demand for our solutions and products, our ability to develop, manufacture and deliver products, or our profitability in the future. We may not always be accurate in predicting industry trends that may emerge and affect our business. We experienced significant revenue growth and the increase in our production capacity during the Track Record Period. Our revenue increased from RMB141.8 million for the year ended December 31, 2022 to RMB314.3 million for the year ended December 31, 2023, and further increased to RMB1,025.6 million for the year ended December 31, 2024, representing a CAGR of 168.9%. Our revenue increased from RMB90.6 million for the six months ended June 30, 2024 to RMB691.4 million for the six months ended June 30, 2025.

During the Track Record Period, we expanded our annual production capacity for all our ESS products significantly, with the total annual production capacity increasing from 45.5 MWh in 2022 to 1,561.2 MWh in 2024, and the total utilization rates of our production lines for all our ESS products increasing from 92.0% in 2022 to 108.2% in 2024. For the six months ended June 30, 2025, our production capacity was 907.8 MWh and the utilization rate of our production lines was 116.7%. See “Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss – Revenue” and “Business – Production – Production Capacity and Utilization” in this document for details. However, our historical revenue growth should not be considered as an indicator of our future performance. [REDACTED] should comprehensively consider our business and prospects in light of the risks and challenges we face in our industry as a new entrant, including but not limited to our ability to:

- design and produce safe, reliable and quality products;
- continuously improve our R&D capabilities;
- improve operating efficiency and achieve economies of scale;
- build a well-recognized and respected brand;

RISK FACTORS

- expand our customer base; and
- effectively manage our supply chain.

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.

Our growth may also be affected by factors such as our ability to manage a continuously growing organization as we expand, control expenses and investments in anticipation of expanded operations, implement and enhance administrative infrastructure, system and processes, comply with environmental, workplace safety, and relevant regulations, execute our strategies successfully, and address 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 business, results of operations and prospects.

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.

During the Track Record Period, our annual production capacity for all our ESS products was 72.8 MWh, 349.7 MWh, 2,363.9 MWh for the years ended December 31, 2022, 2023 and 2024, respectively. We expect to increase our production capacities through our expansion plan so as to meet customers’ demands for our products. See “Business – Production – Expansion Plan” and “Future Plans and Use of [REDACTED]” in this document for details.

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 manufacturing 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.

RISK FACTORS

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.

We may not be able to derive the desired benefits from our R&D efforts, which may negatively affect our competitiveness and profitability.

We have continuously made investments in our R&D activities to develop new products and relevant technologies, which we believe are crucial to our future development. We have established an R&D center in Wuxi, Jiangsu Province, the PRC, which focuses on the R&D of IoT and AI-optimized platforms, battery development, energy storage EMS dispatch modules and unattended O&M modules, and 3S-integrated cluster-controlled inverter systems. In addition to our in-house R&D capabilities, we actively collaborate with third parties to jointly develop new technologies and products that address evolving market demands. During the Track Record Period, our R&D expenses were RMB3.8 million, RMB16.8 million, RMB31.6 million and RMB16.7 million, respectively, representing 2.7%, 5.3%, 3.1% and 2.4% of our total revenue for the same periods, respectively. See “Business – Research & Development” and “Financial Information – Key Factors Affecting Our Results of Operations – Investment in R&D” in this document for details.

RISK FACTORS

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 achieve wide market acceptance or enjoy the advantages as we expected. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in our competitive position. Even if such products can be successfully launched, we cannot assure you that they will be accepted by our customers and achieve anticipated sales target or profit. For example, we are actively developing next-generation energy storage battery and energy storage inverter. However, there is no assurance that next-generation energy storage battery and energy storage inverter will be widely welcomed by the market in the future. Under such circumstances, our previous investment in it may be wasted.

In addition, we cannot assure you that our existing or potential competitors will not develop solutions and products, which are similar or superior to our solutions and products or more competitively priced. Due to uncertainties in the time frame for developing new solutions and products and the duration of market window for these solutions and products, there is a substantial risk that we may have to abandon a solution/product or a potential solution/product that is no longer commercially viable, even after we have invested significant resources in the development of such product.

If we fail to respond appropriately in the aforementioned situations, our expenditures on R&D may not generate corresponding benefits, which may materially and adversely affect our business, prospects, financial condition and results of operations.

Technological changes in the energy storage industry could render our solutions and products 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 solutions and products from time to time. Our competitors may manufacture ESS solutions and 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 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 industry position and achieve sustainable development. For example, we intend to develop next-generation energy storage battery and energy storage inverter with the use of [REDACTED] from [REDACTED]. See “Future Plans and Use of [REDACTED]” in this document for details.

We may not be able to adjust our R&D 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 ESS solutions and products and generate a return from such R&D. If we fail to do so, our prospects, business and results of operations may be adversely affected.

RISK FACTORS

We may not be successful in our AI initiatives, which could adversely affect our business, reputation or financial results.

We are incorporating AI technology into various parts of our business. By integrating AI technology into our solutions and products, we are able to enhance real-time energy analysis, automate complex processes and personalize energy storage strategies, helping us address customers’ and/or end users’ needs more precisely and efficiently, thereby increasing the satisfaction of our customers and/or end users. See “Business – Information Technology” and “Business – Research and Development” in this document for details. As with most emerging technologies, AI comes with its own set of risks and challenges that could affect its adoption and our business. AI algorithms may be flawed, and the data used could be incomplete or biased. Inappropriate or controversial data practices, by us or by others, could limit the acceptance of our ESS solutions and/or products optimized by AI technology.

In addition, there are significant risks involved in developing and deploying AI, and there can be no assurance that the usage of AI will enhance our ESS solutions and products or be beneficial to our business, including our efficiency or profitability. It is also uncertain how various laws related to online services, intermediary liability, and other issues will apply to content generated by AI. We are also subject to the risks of new or enhanced governmental or regulatory scrutiny, litigation, or other legal liability, ethical concerns, negative consumer perceptions as to automation and AI, activities that threaten people’s safety or well-being on- or offline, or other complications that could adversely affect our business, reputation, or financial results.

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 the demands and expectations of our customers and the end users, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our solutions and products. During the Track Record Period, our inventories primarily consist of (i) raw materials; (ii) work in progress; and (iii) finished goods. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had inventories of RMB32.4 million, RMB120.3 million, RMB115.6 million and RMB295.7 million, respectively. See “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Other assets – Inventories” in this document for details.

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.

RISK FACTORS

Furthermore, if we underestimate the demand for our solutions and 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 solutions and products and negatively affect our reputation.

During the Track Record Period, we recorded loss allowance for impairment of inventories of nil, RMB32,000, RMB30,000 and RMB132,000, 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 ESS 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.

We experienced net operating cash outflows for the years ended December 31, 2022, and 2023 and for the six months ended June 30, 2025, which may adversely affect our liquidity and financial condition.

For the years ended December 31, 2022, and 2023 and for the six months ended June 30, 2025, we recorded net cash outflows from operating activities of approximately RMB30.3 million, RMB72.9 million and RMB204.9 million, respectively. These operating cash outflows were primarily attributable to (i) an increase in the scale of trade receivables driven by our rapid business growth in the PRC market and global expansion into new markets; (ii) a significant increase in inventories to support business expansion, particularly to meet growing orders in large-scale ESS and to strategically prepare residential ESS products for overseas markets; and (iii) an increase in the amount of bank guarantees issued for certain customers in connection with new EPC and C&I ESS business engagements. These strategic initiatives, while resulting in short-term cash flow pressure, were undertaken to support our long-term business development and market presence.

There can be no assurance that we will be able to generate positive operating cash flows in the future. If we are unable to generate sufficient operating cash flows, we may need to rely on external financing to fund our operations, which could result in increased financial costs and liquidity risks.

A sustained inability to generate positive operating cash flows could adversely affect our ability to fund our operations, invest in growth opportunities, meet our financial obligations, or maintain sufficient liquidity, which could materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

We may not be able to recover loans to industry players, which may adversely affect our financial condition and results of operations.

As of December 31, 2022, 2023, 2024 and June 30, 2025, our loans to third parties amounted to RMB1.6 million, RMB7.1 million, RMB57.8 million and RMB15.8 million, respectively, among which RMB1.6 million, RMB3.4 million, RMB55.7 million and RMB15.4 million were our loans to potential customers, representing 100.0%, 47.6%, 96.4% and 97.5% of our total loans to third parties, respectively. Our business-related loans to third parties primarily represented lending extended to (i) industry players which might engage us as their ESS product supplier; and (ii) other suppliers involved in our customers’ ESS projects, primarily subcontractors participating in those projects. See “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Prepayments, and Other Receivables and Other Assets” in this document for details.

In particular, we extended loans to industry players to support their upfront expenditures for specific ESS projects. While such loans were generally intended to facilitate business collaboration, there were no contractual obligations for these potential customers to procure our products or services as a condition for receiving the loans. As such, there is no assurance that these potential customers will ultimately engage us or repay the loans in full or on a timely basis.

If any of these counterparties experiences financial distress, operational setbacks or changes in business strategy, or if we are unable to enforce repayment effectively, we may be exposed to heightened credit risks. Any failure to recover such loans, in whole or in part, could result in impairment losses and materially and adversely affect our cash flow, financial condition and results of operations.

We may be exposed to credit risk associated with our trade and bills receivables.

Our trade and bills receivables primarily consisted of (i) trade receivables, representing to the amount of money owed by customers for services or products sold on credit terms; and (ii) bills receivable, representing bank acceptance bills that have been received from our customers. As of December 31, 2022, 2023, 2024 and June 30, 2025, the net carrying amount of our trade and bill receivables was RMB41.6 million, RMB165.8 million, RMB520.5 million and RMB952.3 million, respectively; the impairment of our trade and bills receivables was RMB0.4 million, RMB1.7 million, RMB8.3 million and RMB15.3 million, respectively; and our trade receivables turnover days amounted to 56.2 days, 119.0 days, 120.6 days and 178.9 days, respectively. See “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Trade and bill receivables” in this document for details.

There can be no assurance that we will be able to maintain our trade and bills receivables turnover days at a reasonable level. Should the credit worthiness 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 continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected.

RISK FACTORS

In addition, there may be a risk of delay in payment by our customers within 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 bill receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

We derived a significant portion of our revenue from a limited number of customers during the Track Record Period and may continue to be exposed to the risk of customer concentration subsequent to the Track Record Period.

During the Track Record Period, our customers primarily included various stakeholders in the renewable energy industry, and a significant portion of our revenue during the Track Record Period was derived from a limited number of customers. During the Track Record Period, our revenue generated from our largest customer amounted to approximately RMB99.9 million, RMB97.1 million, RMB286.6 million and RMB288.1 million, respectively, accounting for approximately 70.4%, 30.9%, 27.9% and 41.7% of our total revenue for the same periods, respectively; and our revenue generated from our top five customers amounted to approximately RMB140.2 million, RMB265.4 million, RMB682.6 million and RMB537.1 million, respectively, accounting for approximately 98.9%, 84.5%, 66.5% and 77.7% of our total revenue for the same periods, respectively. See “Business – Customers” in this document for details.

While it is crucial for us to develop new customers to generate similar attributable revenue or secure large contract value on a continuous basis, we may not be able to diversify our customer base or to secure more potential customers. There is also no guarantee that we will be able to maintain our business relationship with our existing customers or secure new contracts from them in the future. In the event that we are unable to secure contracts of comparable contract value and quantity from new customers, or obtain sufficient new business from existing customers in a timely manner or at all, our business, results of operations and financial condition would be materially and adversely affected, and it may cause material fluctuations in our revenue. In addition, should any of our major customers delay or default in making payments to us or at all, our cash flow and financial position would be adversely affected.

We may be unable to secure new sales or maintain our customers in the future.

Most of our sales are secured on contract basis. As a result, we must periodically seek to enter into new contracts when our current contracts are completed. We cannot assure you that we will be able to retain our customers, renew our existing contracts or secure new contracts with customers of similar quality upon expiry of the contract period or that they will maintain their current level of business with us in the future. As such, any loss of our major customers or significant decrease in the number or size of contracts with our customers may materially and adversely affect our financial condition and operating results.

RISK FACTORS

Besides, if any of our customers experiences liquidity issues, it may result in a delay or default in settling payments to us, which in turn, will have an adverse impact on our cash flows and financial conditions. We cannot guarantee that we will be able to diversify our customer base by securing contracts with new customers or expand our cooperation with other customers, in which event our business, financial condition and results of operations could be materially and adversely affected.

We depend on a stable and adequate supply of raw materials. Inadequate or interrupted supply for our materials and components could adversely affect our business, financial condition and results of operations.

Our principal materials that we use in the production of our products are battery cells. See “Business – Supply Chain and Suppliers – Materials, components and supply agreements” in this document for details. Our production volume and production costs depend on our ability to source principal materials and components at competitive prices. The current or expected supply of our principal materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of resources in the materials and components market, market demand, potential speculation, market disruptions, natural disasters and other factors.

We currently purchase certain principal materials and components that we use in the production of our products from third parties. However, our current suppliers may be unable to satisfy our future requirements of quality and quantity of materials and components on a timely basis. If our current suppliers for any particular raw material are unable or unwilling to satisfy our requirements on a timely basis, we could suffer shortages or significant cost increases. Our raw material suppliers could fail to satisfy our needs for various reasons beyond our control, including fires, natural disasters, weather, manufacturing problems, epidemic, strikes or transportation interruptions.

A failure of supply could also occur due to suppliers’ financial difficulties, including bankruptcy. Changing raw material suppliers may require long lead time, including time required to obtain approval from customers to change raw material suppliers. We may not be able to locate alternative suppliers in sufficient quantities, of suitable quality, or at an acceptable price. If that happens, it will result in increased pressure on our costs and significant delay in our production and delivery of our products, resulting in liabilities of damages and damages to our reputation, which will adversely and materially affect our businesses, financial condition and results of operations.

We may be subject to the adverse impact of raw material price changes in association with our price locking of raw materials.

To mitigate the impact from the fluctuation of raw material, we have entered into long-term supply agreements with certain suppliers and adopt the strategy of price locking in order to obtain more competitive prices in response to the expected phased increase in the prices of some materials and components. See “Business – Supply Chain and Suppliers – Materials, components and supply agreements” in this document for details. The strategy of price locking is conducted under friendly negotiations with suppliers, particularly when we predict that this is highly probable that the raw material price will increase in the near-term (i.e. we will not enter into price locking when we foresee the raw material price to drop).

RISK FACTORS

In addition, as raw material prices may be subject to substantial changes and its long-term price may be harder to estimate, we only enter into the aforementioned arrangement for the short term (generally, no longer than one year). However, in the event that the relevant raw material does not increase as expected, we may be subject to the adverse impact of purchasing materials and components at prices that are higher than the market price, which in turn, may adversely affect our results of operations.

There is no assurance that such measures will fully eliminate the impact of adverse price fluctuations in the future. In the event that such measures can not fully eliminate the impact of adverse price fluctuations of raw material in the future, our results of operations may be adversely affected.

Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damages and incur other costs.

We rely primarily on a combination of our patents, copyrights, and trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. As of the Latest Practicable Date, we possessed 78 patents, 56 registered copyrights and 25 trademarks. See “Business – Intellectual Property” in this document for details. 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.

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.

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.

RISK FACTORS

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.

Our performance is subject to seasonality.

As affected by seasonality, the sales volume of our ESS solutions and products in the first half of the year were generally lower than that in the second half of the year. See “Business – Seasonality” in this document for details. As such, comparisons of our operating results between different periods within a single financial year may not be necessarily meaningful and cannot be relied on as indicators of our performance. Our financial condition and results of operations for future periods may continue to fluctuate, from time to time, due to seasonality.

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

During the Track Record Period, our contract liabilities primarily represented advance payments received from customers for our products that had yet to be performed/delivered and short-term advances received from customers. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had contract liabilities of RMB10.8 million, RMB92,000, RMB82.1 million and RMB112.0 million, respectively. See “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Contract liabilities” in this document for details.

RISK FACTORS

Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. The continued operation of our production facilities may be substantially interrupted and materially and adversely affected due to a number of factors, many of which may be beyond our control. As a result of disruption to any of our production facility or any problems in manufacturing our products, we may fail to fulfill our contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

We are exposed to fair value changes on financial assets at FVTOCI and financial assets at FVTPL, which may be substantial and would affect our financial performance and position.

During the Track Record Period, our financial assets at FVTOCI primarily represented our investment in 10.0% equity interest in Baobiguoxia Energy Storage Technology (Hubei) Co., Ltd.* (保碧果下储能科技(湖北)有限公司), which is principally engaged in the provision of technical service. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had financial assets at FVTOCI of nil, RMB1.7 million, RMB1.7 million and RMB1.7 million, respectively. See “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Equity investments designated at fair value through other comprehensive income (“FVTOCI”)” in this document for details. During the Track Record Period, our financial assets at FVTPL mainly represented low risk wealth management products issued by banks in the PRC of a term of seven days held by us for idle cash management. We had financial assets at FVTPL of nil, RMB7.0 million, RMB89.9 million and nil as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. See “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Financial assets at FVTPL” in this document for details.

We are exposed to fair value changes on financial assets at FVTOCI and financial assets at FVTPL. See Note 2.3 to the Accountants’ Report in Appendix I to this document for details. Factors beyond our control may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these financial assets. These factors include, but not limited to, general economic condition, changes in market interest rates and stability of capital markets. The valuation of certain financial instruments is subject to inherent uncertainty, particularly when significant judgment or unobservable inputs are involved in the valuation process. Any of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our financial assets to fluctuate substantially, which may in turn adversely affect our financial performance and position.

Our financial result may be affected by government grants.

During the Track Record Period, we recorded government grants of RMB0.8 million, RMB8,000.0, RMB4.2 million and RMB1.5 million, respectively. Not all of the government grants are recurring in nature. See “Financial Information – Other Income and Gains” in this document for details. Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the local government.

RISK FACTORS

In addition, the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government grants in the future, or that such government grants we have already received will not be required to be returned. If we are unable to receive the government grants in the future at the same level as we had during the Track Record Period, our financial condition and results of operations for the period may be adversely affected.

The preferential tax treatment that we enjoyed may be changed or terminated.

During the Track Record Period, our Company was entitled to a preferential tax rate of 15% because it was regarded as a “High and New Technology Enterprise”. In addition, the Group’s certain subsidiaries operating in Mainland China were entitled to effective preferential tax rates of 5%. See Note 10 to the Accountants’ Report in Appendix I to this document for details. Preferential tax treatments and other incentives granted to us by PRC Government are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee you 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.

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

Our other intangible assets primarily include software, which amounted to nil, RMB2.0 million, RMB1.8 million and RMB4.4 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. 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 impairment loss for intangible assets during the Track Record Period, we cannot assure you that there will be no such losses in the future, which could adversely affect our results of operations and financial conditions.

We may incur significant costs because of the warranties we provide with our products, and our provisions to cover future potential claims under our product warranties may be insufficient.

For our ESS products, we usually provide our customers with a warranty of two to five years. See “Business – Customers, sales and distribution – Customer service” in this document for details. We provide a provision for these potential warranty expenses, which is based on an analysis of the Group’s recent claims, past warranty data and the weight of all possible results and their related probabilities. During the Track Record Period, our provisions made for product warranty were RMB0.2 million, RMB2.2 million, RMB3.5 million and RMB6.7 million, respectively. 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.

RISK FACTORS

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

Our ESS products are inherently complex and may be subject to failure, accidents or other malfunctions. Although we have not been involved in any material product quality accident, product recalls or other similar events during the Track Record Period and up to the Latest Practicable Date, there is no assurance that we will not be involved in those events in the future. The risk of product recalls and product liability claims, and associated adverse publicity, is inherent in the development, manufacturing and sales of our products. Our ESS products are becoming increasingly sophisticated and complicated as technologies continue to advance.

Our efforts to maintain product quality may not be successful, which may result in us incurring expenses in connection with, for example, product recalls and product liability claims, and adversely impact our brand image and reputation as a producer of high-quality products. Any product recalls or product liability claims seeking significant monetary damages could have a material adverse effect on our business and financial condition. A product recall or product liability claim could generate substantial negative publicity about our products and business, interfere with our manufacturing plans and product delivery obligations as we seek to replace, or repair affected products, and inhibit or prevent commercialization of other future product candidates.

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. See “Risk Factors – Risks Relating to Our Business, Industry, General Operations and Financial Position and Prospects – We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards” in this section for details. During the Track Record Period, there were no safety-related or occupational accidents.

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

Good working relationship with our employees 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.

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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 (if any) could have an adverse effect on our financial condition and results of operations.

During the Track Record Period, our direct labor costs amounted to RMB2.4 million, RMB5.9 million, RMB13.3 million and RMB5.7 million, representing 2.2%, 2.6%, 1.5% and 1.0% of our total cost of sales for the same periods, 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.

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

As a result of the highly specialized and technical nature of our business, we must attract, train and retain a sizable workforce comprising highly-skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all.

Moreover, our industry is characterized by high demand and intense competition for talent, we may have to offer higher salaries and benefits in order to attract and retain highly-skilled employees or other key personnel that we will need to achieve our strategic objectives. As we are still a relatively young company, our ability to recruit, train and integrate new employees into our operations may not meet the growing demands of our business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information such as know-how and may lessen the technological advantages over our competitors that we have developed.

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 team, Controlling Shareholders and joint ventures, distributors, business partners or counter-parties, or any of their respective affiliates, 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.

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.

The quality of our solutions and products 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 we provide our solutions and 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. See “Business – Quality Control” in this document for details. 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 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 established our internal control system, such as an organizational framework and, policies and procedures that are designed to monitor and control potential risk areas relevant to our business operations. See “Business – Risk Management and Internal Control” in this document for details. However, due to the inherent limitations in the design and implementation of our risk management system, our risk management system may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our new business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

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Our risk management also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

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

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters; and geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. To manage these risks, we maintain a range of insurance policies, which cover, among others, pension insurance, medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance. See “Business – Insurance” in this document for details. We may not have adequate or any insurance to cover these operational risks. There is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

Our business operations are subject to force majeure events and unforeseen, hostile or catastrophic events.

If any force majeure event or any event beyond our control happens, our customers may terminate the contracts, and they may only be required to compensate us under certain circumstances, such as damage to or loss of our containers, and we may be forced to assume losses to the extent our insurance coverage is inadequate. Any uninsured loss could materially and adversely affect our business, results of operations, and financial condition.

In addition, our business operations are vulnerable to interruption and damage from unforeseen, hostile or catastrophic events. These events are often outside of our control and include acts of war, terrorist attacks, natural disasters and extreme weather events such as health pandemic, floods, heavy rains, winds and waves. Such events may materially and adversely affect the global financial markets and consumer confidence. Similarly, severe weather conditions may force us to temporarily suspend operations based on warnings from national meteorological departments or cause prolonged disruption of our business operations. There can be no assurance that acts of wars, terrorist attacks, natural disasters

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and extreme weather will not occur and result in major damage to our business operation. If we fail to effectively manage these risks, our business, financial condition, results of operations, cash flow and prospects may be materially and adversely affected.

RISKS RELATING TO REGULATORY COMPLIANCE

Any loss of or failure to obtain or renew the certificates, licenses, approvals and permits may materially and adversely affect our business, results of operations and financial condition.

We are subject to extensive PRC laws and regulations at the national and local level, which govern various aspects of our operations. We are required to obtain and maintain certain certificates, licenses, approvals and permits in order to provide our comprehensive service offerings to customers. These operating certificates, licenses, approvals and permits are granted, renewed and maintained upon our satisfactory compliance with, among others, the applicable criteria set by the relevant governmental departments or organizations. See “Regulatory Overview” and “Business – Licenses, permits and approvals” in this document for details. The certificates, licenses, approvals and permits that we had obtained during the Track Record Period and up to the Latest Practicable Date may only be valid for a limited period of time and may be subject to periodic review and renewal by government authorities or relevant organizations.

In addition, the standards of compliance required in relation thereto may change in the future. The laws and regulations in the jurisdiction where we operate may continue to evolve, which exposes us to the risk of non-compliance. If deemed non-compliant, we could be subjected to administrative or regulatory fines and penalties, including the suspension or revocation of our certificates, licenses, approvals and permits, and our operations may be hindered or halted, which could have a material and adverse effect on our business and results of operations. As the legal system and the industry in the jurisdiction where we operate may continue to evolve, we are also subject to laws, regulations and related compliance requirements, as amended in the future.

We are subject to laws and regulations regarding regulatory matters that may have increased or will increase both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a [REDACTED], the Stock Exchange and the Securities and Futures Commission, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in China, and to new regulatory measures under applicable laws. Our efforts to comply with new laws and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In addition, compliance measures and practice is subject to guidance and interpretation on relevant laws and policies, which may change in the future. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

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We may be subject to litigation proceedings and regulatory actions, and may not always be successful in defending ourselves against such proceedings or actions.

Our business operations entail litigation and regulatory risks, including the risk of lawsuits and other legal and/or regulatory actions relating to, among others, product liability, delivery, sales and customer services, leases and labor disputes. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. In such event, our business, financial position, results of operations, cash flow, and reputation may suffer considerably and negatively.

We may be required to pay outstanding contributions of social insurance and housing provident funds together with late payment fees and fines imposed by the relevant PRC authorities.

During the Track Record Period we did not make full and timely contributions to social insurance and housing provident funds based on employees’ actual salaries and our subsidiaries engaged a third-party human resources service provider to make contributions for a small number of employees whose social insurance contribution locations differed from the cities where their employment contracts were executed, primarily to meet the practical needs of such employees. As of the Latest Practicable Date, fewer than 10 employees fell under such arrangement. The aggregate shortfall of social insurance and housing provident fund contributions for the Track Record Period was approximately RMB0.2 million, RMB1.9 million, RMB4.0 million and RMB3.1 million for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. Among these, the aggregate amount of contributions made by the third-party human resources service provider was insignificant.

Pursuant to the PRC Social Insurance Law (《中華人民共和國社會保險法》), if we fail to pay the full amount of social insurance contributions as required, the competent authority may order us to make up the shortfall within a prescribed period, and we may be subject to a late payment fee equal to 0.05% of the outstanding contribution amount per day. If we fail to settle the shortfall within the prescribed period, the competent authority may further impose a fine of one to three times the overdue amount. Pursuant to the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), if we fail to pay housing provident fund contributions in full, the housing provident fund management center may order us to make up the shortfall within a prescribed period, and if we fail to do so, an application may be made to the people’s court for compulsory enforcement.

As of the Latest Practicable Date, we had obtained compliance confirmations from the relevant social insurance and housing provident fund authorities, and no administrative penalties had been imposed on us. However, we cannot assure you that we will not be subject to further rectification orders, late payment fees, fines or compulsory enforcement measures by the relevant PRC authorities in the future, or that there will not be employee complaints in respect of our historical practices. Any such event may increase our compliance costs, subject us to administrative liabilities, and materially and adversely affect our financial condition and results of operations.

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As advised by our PRC Legal Advisor, there are no national laws and regulations that explicitly specify penalties concerning employers that use a third-party human resources agency to make these contribution for their employees. However, our relevant subsidiaries may be ordered to rectify such practice or be subject to penalties imposed by the local social insurance authorities or the local housing provident fund management centers for failing to make social insurance and housing provident fund contributions for the employees in the employer’s own name.

Recent judicial interpretation may increase our risks relating to social insurance contributions.

On July 31, 2025, the PRC Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Article 19(1) provides that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, such agreement or undertaking shall be deemed invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claim economic compensation pursuant to Article 38(3) of the PRC Labor Contract Law (《中華人民共和國勞動合同法》), the People’s Court shall support such claims. This clarification strengthens employees’ rights to terminate employment contracts and demand economic compensation if employers fail to comply with social insurance obligations, which may increase our labor compliance risks and expose us to additional costs and potential disputes in the future.

Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have a material and adverse effect on our business and results of operations.

We are subject to laws and regulations relating to the processing, transmission, security and transfer of personal information and other data in various jurisdictions that we operate in. Any improper handling of personal information or any other information security incidents, such as unauthorized access to our database by hackers, could result in reputation damage and/or civil or regulatory liabilities that may have significant legal, financial and operational consequences.

During the Track Record Period and as of the Latest Practicable Date, we had complied with applicable laws and regulations relating to data security and privacy protection in material aspects. Regulatory requirements regarding the data security and data protection are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failures could damage our reputation, results of operations and business prospects and/or could lead to civil or regulatory liabilities. For details of cybersecurity-related regulations, see “Regulatory Overview – Regulations on Cybersecurity” in this document for details.

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Any challenge by third parties or government authorities over our right to use our leased properties or failure to renew our current lease may adversely affect our business operations.

As of the Latest Practicable Date, for six of our leased properties in the PRC with an aggregate gross floor area of approximately 15,610.27 sq.m., we have not been provided by the lessors with the relevant ownership certificates or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties or they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to move to other places or renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us.

We are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged in the future. In the event that our use of properties is challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We cannot assure you that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties’ challenges on our use of such properties. As a result, our business, financial condition and results of operations may be adversely affected.

We may be subject to penalties for the non-registration of lease agreements in the PRC.

As of the Latest Practicable Date, we had not registered five of our lease agreements in the PRC. The relevant authorities may require us to complete the lease registrations within a specified time frame and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements for any delay in complying with such requirement, and we may be subject to a maximum penalty of approximately RMB20,000 for the failure to register the property lease agreements. See “Business – Properties – Leased properties” in this document for details. We cannot assure you that the relevant authorities will not impose penalties for failure to register these lease agreements. Any such penalties could have a material adverse effect on our business, financial position and results of operations.

Any non-compliance with applicable anti-bribery and anti-corruption laws, economic sanctions and other forms of illegal acts and misconduct by our employees, distributors, customers or suppliers may materially and adversely affect our business operations.

We may be exposed to bribery, corruption, economic sanctions or other illegal acts and misconduct committed by our employees, distributors, customers, suppliers or any other third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. While we have adopted and implemented internal controls and procedures to monitor both internal and external compliance with anti-bribery and anti-corruption laws, regulations and policies, we cannot guarantee that such internal controls and procedures will always be effective in preventing non-compliance and exculpating us from penalties or liabilities that may be imposed by relevant government

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authorities due to violations committed by our employees. If our employees are found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face or be involved in fines, lawsuits and damage to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

Our operations are primarily conducted in China and we sold our products through our distributor to overseas countries, including United Kingdom, Zambia, South Africa, Germany and Netherlands. Accordingly, our business, financial condition and results of operations may be influenced by the economic, political and social conditions in the countries where we operate. The energy storage industry is in general affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels, consumer demand and discretionary spending. The government has implemented various measures to encourage, and to guide, the economic growth and the allocation of resources, some of which may resulted in uncertainties to us.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. Most 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 effect service of process upon most of our Directors, Supervisors and senior management outside the PRC.

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 [REDACTED], 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.

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

We derive a portion of our sales from overseas customers, majority of them are our distributors. Therefore, a portion of our revenues have been denominated in foreign currencies. During the Track Record Period, our revenue generated from overseas customers was RMB102.2 million, RMB138.6 million, RMB206.5 million and RMB126.2 million, respectively, accounted for 72.1%, 44.1%, 20.1% and 18.2% of our total revenue for the same periods, respectively. As a result, we face risks resulting from currency exchange rate fluctuations. During the Track Record Period, we incurred a net foreign exchange gain of RMB2.3 million, RMB3.0 million, RMB1.3 million and RMB9.8 million, respectively, for each of period during the Track Record Period, 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.

We are subject to the currency exchange control system.

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, 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.

Foreign exchange transactions under the capital account, however, need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law or handle the relevant procedures at banks authorized to conduct foreign exchange business in accordance with the law. In addition, any insufficiency of foreign exchange 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.

Our operations are subject to certain PRC laws and regulations.

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

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In addition, according to the Company Law of the PRC, when a limited liability company is established, if a shareholder fails to make full payment of capital contributions as stipulated in the company’s articles of association, the other shareholders at the time of establishment shall bear joint and several liability with that shareholder within the shortfall in contributions. In cases where a shareholder transfers equity representing subscribed capital contributions not yet fully paid, the transferee shall assume the obligation to make the corresponding payment, if the transferee fails to make payment on time and in full, the transferor shall bear complementary liability for unpaid capital contributions or bear joint and several liability within the shortfall in contributions. We establish subsidiaries or invest in companies independently or in cooperation with others for operating projects. If the registered capital of the subsidiaries, or the companies invested by us, have not been fully paid legally and in accordance with their articles of associations, we may face risks relating to liabilities for the unpaid capital contributions.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under HKFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfil their responsibilities, or misappropriate or misuse these assets.

Under the PRC laws, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative, whose designation is registered and filed with relevant PRC market regulation administrative authorities. In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be verified and approved by authorized employees in accordance with our internal control procedures and rules.

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In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries. If any individual obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular of 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》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-PRC resident individual holders on the transfer of shares in PRC resident enterprises [REDACTED] on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

RISK FACTORS

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). 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.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may adversely affect the value of your [REDACTED] in our H Shares.

We are subject to governmental economic sanctions laws that could subject us to liability.

We are subject to various economic and trade sanctions laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to countries, governments, and persons targeted by U.S. sanctions. United Kingdom financial sanctions and European Union sanctions also have similar regime to prohibit the provision of products and services to countries, governments and persons on their respective target list.

While we believe that we have been, and that we continue to be, in compliance with applicable governmental economic sanctions laws, our failure to employ appropriate safeguards with respect to customers located in countries that are targets of governmental economic sanctions may result in a violation of such laws and regulations. Non-compliance with applicable governmental economic sanctions laws could subject us to adverse media coverage, investigations, severe administrative, civil and possibly criminal sanctions, and expenses related to remedial measures and legal expenses, which could materially and adversely affect our reputation, business, financial condition, results of operations and prospects. In addition, any Chinese companies or individuals targeted under U.S. economic sanctions may lose access to the U.S. markets and the U.S. financial system, including the ability to use U.S. dollars to conduct transactions, settle payments or to maintain correspondent accounts with U.S. financial institutions, U.S. entities and individuals may not be permitted to do business with sanctioned companies and persons, and international banks and other companies may as a matter of law and/or policy decide not to engage in transactions with such company or person.

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and the liquidity and market price 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 [REDACTED] (for themselves and on behalf of [REDACTED]), which may not be indicative of the price at which our H Shares will be [REDACTED] following completion of the [REDACTED]. The market price of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

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

The [REDACTED] price 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, the PRC, 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 the PRC 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 PRC-based companies have [REDACTED] their securities, and some are in the process of preparing for [REDACTED] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [REDACTED]. The [REDACTED] performances of the securities of these companies at the time of or after their offerings may affect the overall [REDACTED] sentiment towards PRC-based companies [REDACTED] 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 could not dispose of any of the Shares held by them. Due to such lock-up requirement, the [REDACTED] and [REDACTED] of the H Shares in the short term following the [REDACTED] may be significantly affected. These factors may significantly affect the [REDACTED] and [REDACTED] of our H Shares, regardless of our actual operating performance.

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

The market price 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 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.

RISK FACTORS

You will incur immediate and substantial dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interest of our other Shareholders.

Immediately upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will control approximately [REDACTED]% of the voting power at our general meetings. Our Controlling Shareholders will, through their voting power at the Shareholders’ meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management.

Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

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

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

RISK FACTORS

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

Certain facts, forecasts and statistics contained in this document are derived from various official government sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this document, particularly the section headed “Industry Overview” from the report prepared by CIC, which was commissioned by us, and from, among others, various official government publications and other publicly available publications provided by the PRC government. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED] and no representation is given as to its accuracy, and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics contained in such government sources may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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].

There had been, prior to the publication of this document, and there may be, after the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or in conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [REDACTED] are cautioned to make their decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG 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 most 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 Stock Exchange for, and the 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 Mr. Feng, our executive Director, and Ms. Leung, one of our joint company secretaries as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company’s principal channel of communication with the Stock Exchange. Ms. Leung resides in Hong Kong and Mr. Feng will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
- (b) when the 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 Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number (if any) and email address) of all Directors to facilitate communication with the Stock Exchange;
- (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 Stock Exchange within a reasonable period upon the request of the Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

- (d) we have appointed China Everbright Capital Limited as our 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]. Our compliance advisor will have reasonable access at all times to our authorized representatives, our Directors and our senior management and 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 Stock Exchange and our Directors can be arranged through our authorized representatives or our compliance advisor, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

Pursuant to the [REDACTED] issued by the Stock Exchange (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 in the Guide) nor Relevant Experience (as defined by the Guide) 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 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 Mr. Wang Zhenlin, our executive Director, deputy president, assistant to the Chairman and chief financial officer, as one of our joint company secretaries. He 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 Ms. Leung, a member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom, 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 Mr. Wang for an initial period of three years from the [REDACTED] to enable Mr. Wang 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.

Given Ms. Leung’s professional qualification and experience, she will be able to explain to both Mr. Wang and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Leung will also assist Mr. Wang in organizing Board meetings and Shareholders’ meetings as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Leung is expected to work closely with Mr. Wang and will maintain regular contact with Mr. Wang. In addition, Ms. Leung will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his 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.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

Since Mr. Wang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Wang 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) throughout such period, Mr. Wang must be assisted by Ms. Leung 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 Ms. Leung ceases to provide assistance to Mr. Wang 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 Mr. Wang 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 Stock Exchange to enable it to assess whether Mr. Wang, having benefited from the assistance of Ms. Leung 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.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Feng Lizheng (馮立正)	502, Building 91 Yulan Garden East No. 1 Area Lixin Avenue Jingkai District, Wuxi City Jiangsu Province, PRC	Chinese
Mr. Zhang Xi (張晰)	6-1903, Shidai Yaju Binhu District, Wuxi City Jiangsu Province PRC	Chinese
Mr. Liu Ziye (劉子葉)	Room 110, Part 1 of No. 2 Langshan Road Nanshan District, Shenzhen City Guangdong Province PRC	Chinese
Dr. Bai Yang (白洋)	131-102 Longhu Tianchen Yuanzhu No. 219, Yanxin Road Huishan District, Wuxi City Jiangsu Province PRC	Chinese
Mr. Zhu Shuaishuai (朱帥帥)	Room 1403, Building 22 Coastal City Liyuan Jingkai District, Wuxi City Jiangsu Province PRC	Chinese
Mr. Wang Zhenlin (王振淋)	Room 1401, Building 282, District 2 No. 56 Wanshun Road Vanke City Garden Binhu District, Wuxi City Jiangsu Province PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent non-executive Directors		
Mr. Qian Kaiming (錢凱明) (formerly known as Mr. Qian Qifan (錢麒帆))	No. 105, Daifang Bridge Xiejia Village Committee, Xueyan Town Wujin District, Changzhou City Jiangsu Province PRC	Chinese
Dr. Jiang Wei (蔣煒)	Apartment 1-404 228 Nandan East Road Shanghai PRC	American
Ms. Jiang Xingnan (蔣幸男)	Flat B, 10/F, Grenville House 1 Magazine Gap Road, Mid-Levels Hong Kong	Chinese
Supervisors		
Ms. Sun Beibei (孫蓓蓓)	Room 142-502, Zhongqiao Ercun Gonghu Avenue Liangxi District, Wuxi City Jiangsu Province PRC	Chinese
Mr. Qian Zenglei (錢增磊)	Room 3002, Unit 33 Sunac Grand Canal Mansion Qingmingqiao Sub-district Liangxi District, Wuxi City Jiangsu Province PRC	Chinese
Ms. Hu Yifang (胡一芳)	No. 62, Gaochedu Tianyi Village, Yanqiao Town Huishan District, Wuxi City Jiangsu Province PRC	Chinese

For the biographies and other relevant information of the Directors and Supervisors, please see the section “Directors, Supervisors and Senior Management.”

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

China Everbright Capital Limited

12/F, Everbright Centre

108 Gloucester Road

Wan Chai

Hong Kong

[REDACTED]

Legal Advisors to the Company

as to Hong Kong law:

Eric Chow & Co. in Association with

Commerce & Finance Law Offices

3401, Alexandra House

18 Chater Road

Central

Hong Kong

as to PRC law:

Commerce & Finance Law Offices

12–14th Floor

China World Office 2

No. 1 Jianguomenwai Avenue

Chaoyang District

Beijing

PRC

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisors to the Sole Sponsor and
the [REDACTED]**

as to Hong Kong law:

Jingtian & Gongcheng LLP

Suite 3203–3207, 32/F

Edinburgh Tower

The Landmark

15 Queen’s Road Central

Central

Hong Kong

as to PRC law:

Jingtian & Gongcheng

34/F, Tower 3

China Central Place

77 Jianguo Road

Beijing

PRC

Auditor and Reporting Accountant

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King’s Road

Quarry Bay

Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited

10F, Block B, Jing’an International Center

88 Puji Road

Jing’an District

Shanghai

PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC

No. 9 Huicheng Road
Changan Sub-district
Huishan District
Wuxi City
Jiangsu Province
PRC

**Corporate headquarters and Principal
Place of Business in the PRC**

No. 9 Huicheng Road
Changan Sub-district
Huishan District
Jiangsu Province
Wuxi City
PRC

**Principal Place of Business
in Hong Kong**

46/F, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

Company Website

www.guoxiatech.com

Joint Company Secretaries

Mr. Wang Zhenlin (王振淋)
Room 1401, Building 282, District 2
No. 56 Wanshun Road
Vanke City Garden
Binhu District, Wuxi City
Jiangsu Province
PRC

Ms. Leung Hoi Yan (梁禮欣)
(an Associate Member of both The Hong Kong Chartered Governance Institute (the “HKCGI” was formerly known as the Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom)
46/F, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Mr. Feng Lizheng (馮立正)
Yulan Garden East No. 1 Area
Lixin Avenue
Jingkai District, Wuxi City
Jiangsu Province,
PRC

Ms. Leung Hoi Yan (梁禮欣)
46/F, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

Nomination Committee

Ms. Jiang Xingnan (蔣幸男) (*Chairperson*)
Mr. Zhang Xi (張晰)
Mr. Qian Kaiming (錢凱明)

Audit Committee

Mr. Qian Kaiming (錢凱明) (*Chairperson*)
Ms. Jiang Xingnan (蔣幸男)
Dr. Jiang Wei (蔣煒)

Remuneration Committee

Dr. Jiang Wei (蔣煒) (*Chairperson*)
Mr. Feng Lizheng (馮立正)
Mr. Qian Kaiming (錢凱明)

[REDACTED]

Compliance Advisor

China Everbright Capital Limited
12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

CORPORATE INFORMATION

Principal Bankers

Bank of China Limited

Wuxi Jinshi Road Branch

No. 580, Nanhu Avenue

Wuxi City

Jiangsu Province

PRC

Industrial and Commercial Bank of China Limited

Changan Branch

No. 227 Yingxin Road

Huishan District

Wuxi City

Jiangsu Province

PRC

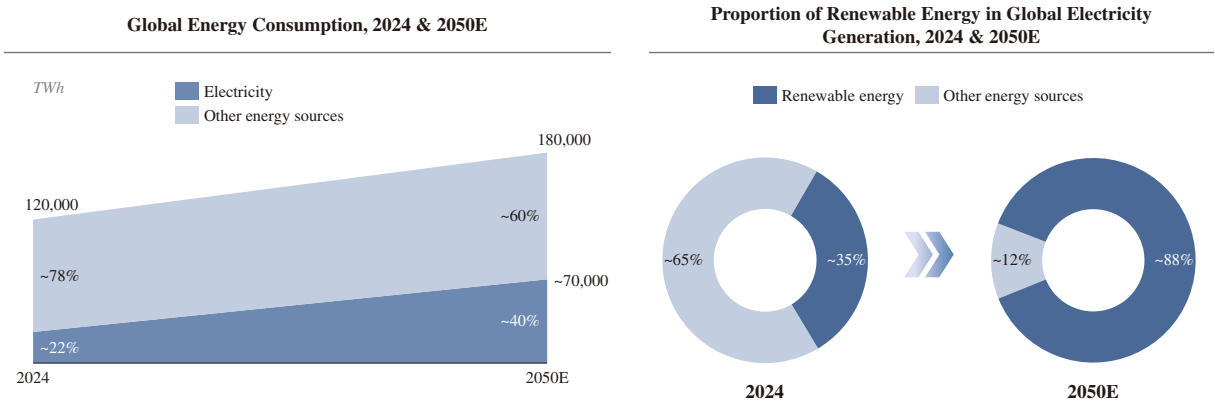
INDUSTRY OVERVIEW

The data and insights presented in this section are sourced from CIC Report, which we have commissioned. Unless stated otherwise, CIC has advised us that the statistical and graphical information contained herein is drawn from its database and other sources. Information and statistics derived from official government sources have not been independently verified. The following discussion contains projections for future growth, which may not occur at the rates that are projected or at all. Therefore, [REDACTED] are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this document.

OVERVIEW OF THE GLOBAL ENERGY CONSUMPTION

The global energy structure is undergoing a profound transformation, with electricity expected to become the dominant form of energy consumption in the future. By 2050, the electrification rate is expected to rise to 40.0%, positioning electricity as the primary global energy source.

As electricity demand continues to expand – projected to reach 70,000 TWh in 2050 – renewable energy generation technologies are set to become the mainstream power source. By 2050, renewable energy is expected to contribute more than 88.0% of the global electricity supply. This transition will not only reduce dependence on fossil fuels and help achieve carbon reduction targets but also highlight the critical role of electricity in the future energy system.



Sources: EMBER, IEA, CIC

Multiple structural drivers are propelling the global electrification trend. First, the steady expansion of global industrial manufacturing is driving electricity demand, reinforcing the shift toward electrified energy consumption.

Second, the rapid advancement of AI technologies has triggered a significant increase in data center power consumption. Data centers’ electricity usage is projected to surge from 2.6% of global electricity consumption in 2024 to 25.0% by 2050.

INDUSTRY OVERVIEW

Third, the accelerating adoption of new energy vehicles is further reshaping the global energy landscape. As governments and enterprises intensify efforts to reduce carbon emissions, electrification remains a key strategy for achieving long-term sustainability goals and optimizing global energy structures.

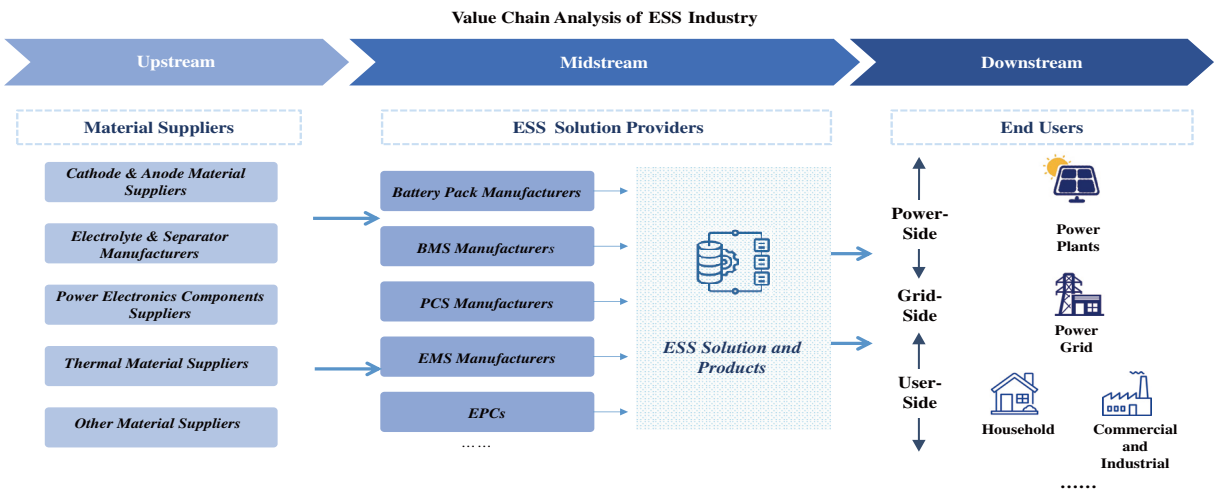
OVERVIEW OF THE GLOBAL ESS SOLUTIONS INDUSTRY

Definition and Classification of ESS

An ESS refers to a system that converts energy from various power generation sources into a storable form and releases it as electrical energy when needed. With increasing electrification and renewable energy integration, the intermittent and volatile nature of these sources poses challenges to power system stability and security. Additionally, the uneven geographical distribution of renewable resources often creates a spatial mismatch between power generation and consumption. An ESS helps balance supply and demand by storing excess electricity during high-generation periods and discharging it during peaks or low-generation, enhancing grid stability, security, flexibility and profitability.

ESS can be categorized into traditional storage systems (mainly refers to pumped hydro storage) and modern ESS, such as electrochemical storage, flywheel storage and compressed air energy storage. Electrochemical storage stands out as one of the most rapidly developing and currently mainstream technologies. It offers advantages in regulation capacity, time scale, startup time, ramp-up speed, stability and economic efficiency.

Value Chain of ESS Solutions Industry



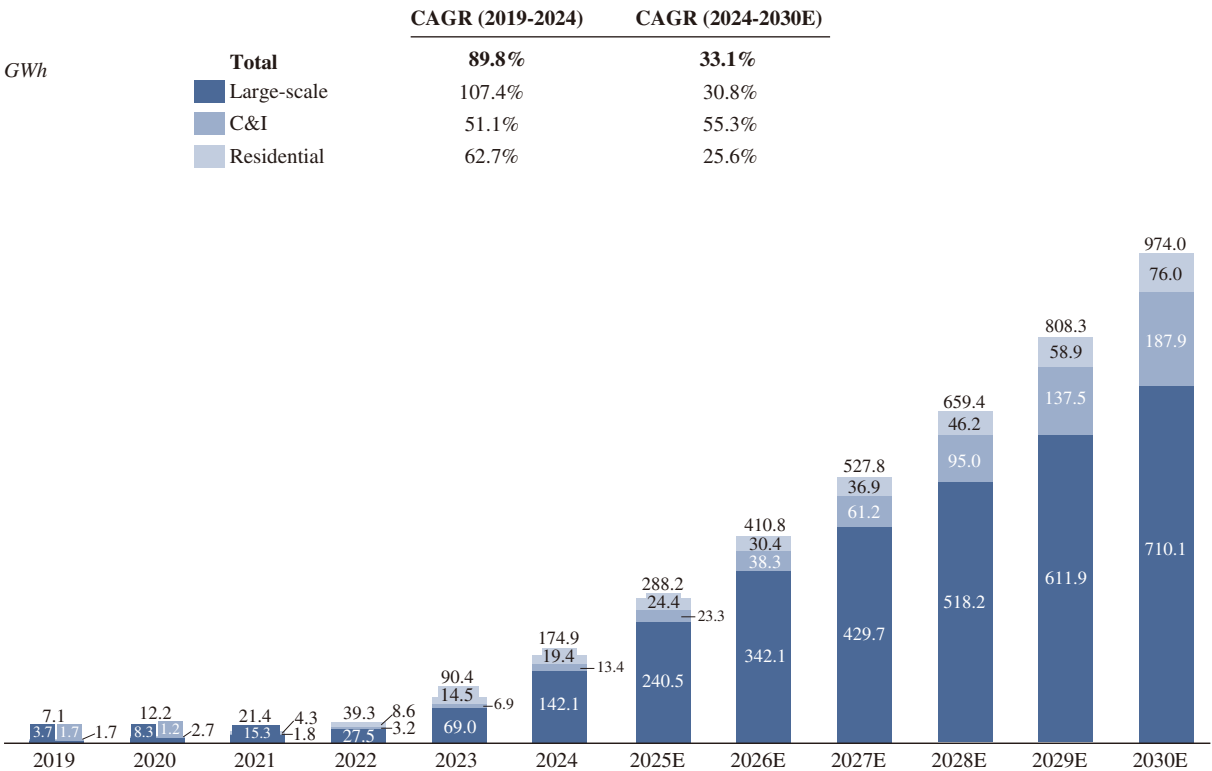
Source: CIC

INDUSTRY OVERVIEW

As the most mainstream modern ESS solution, the upstream of electrochemical ESS solution includes raw materials, primarily encompassing cathode/anode materials, electrolytes, separators, power electronics and thermal materials. The midstream segment focuses on manufacturing and integrating core components, such as battery packs, BMS, PCS, EMS, and EPCs, to develop complete ESS solutions and products. The downstream segment includes different energy storage end users, such as grid operators, power plants, commercial and industrial users, and residential users, supporting diverse energy storage applications.

Market Size of Global ESS Solution Industry

Global newly installed ESS capacity, 2019-2030E



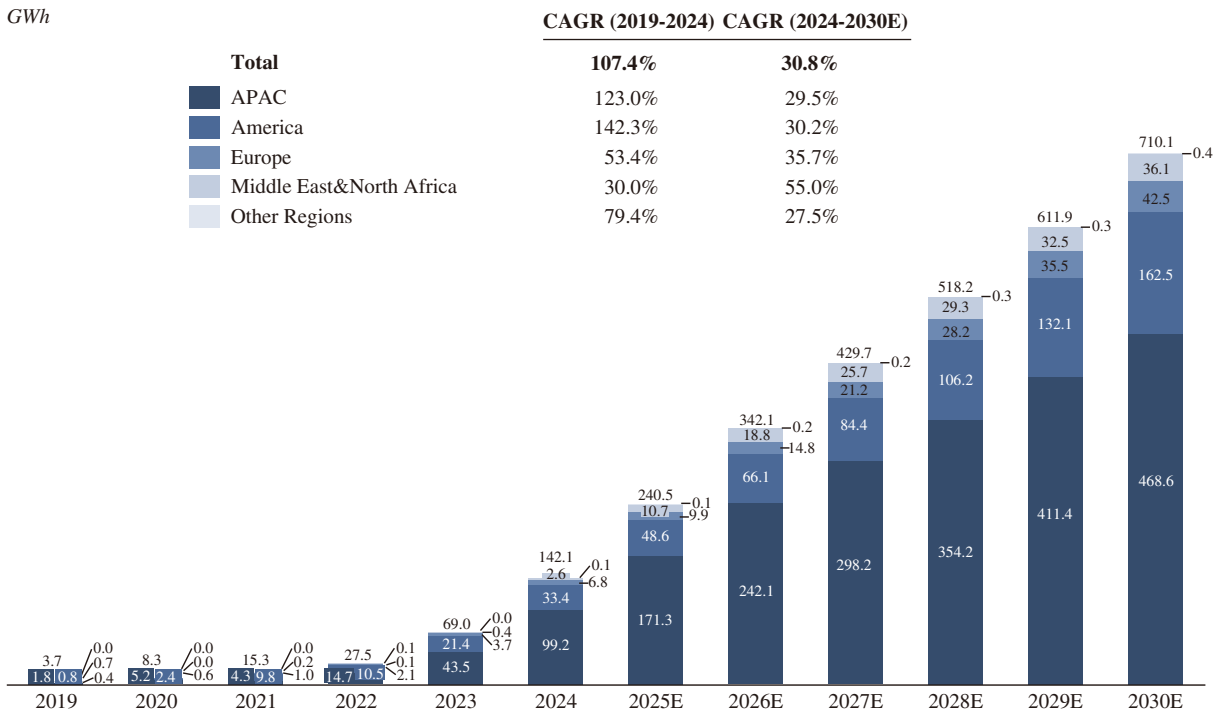
Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CIC

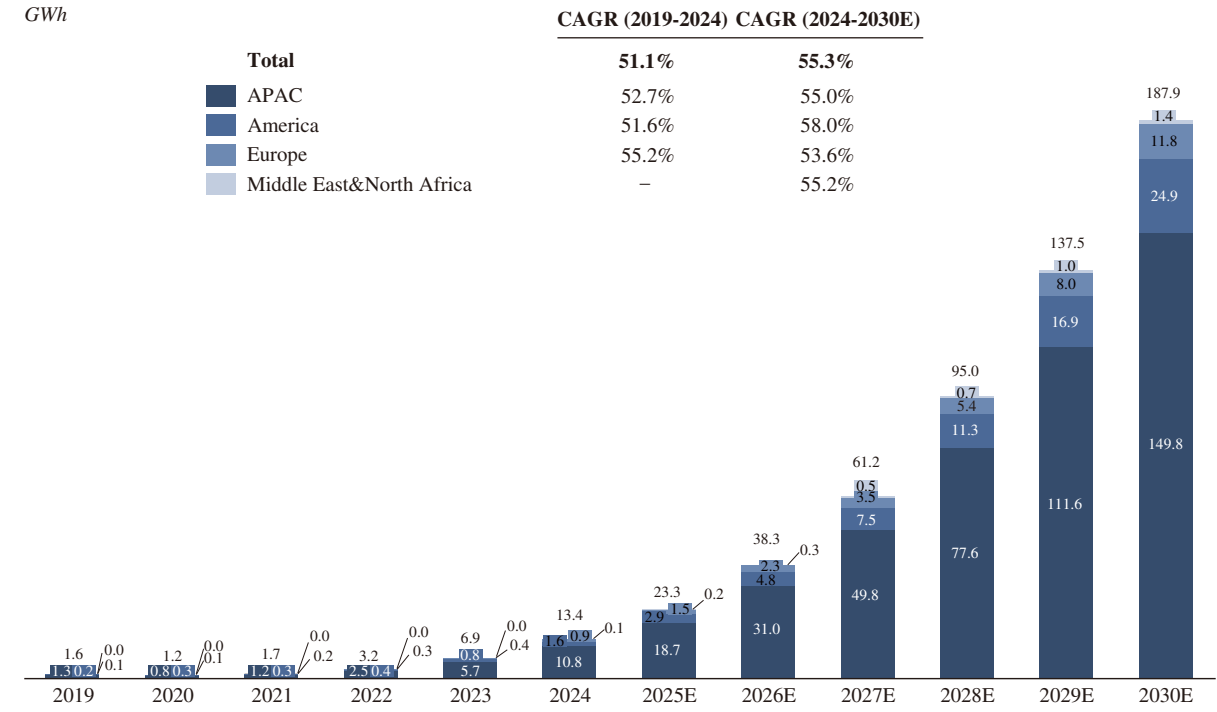
From 2019 to 2024, the global newly installed capacity of ESS grew rapidly from 7.1 GWh to 174.9 GWh, with a CAGR of 89.8%. It is expected to increase to 974.0 GWh in 2030, with a CAGR of 33.1%. Large-scale ESS product dominates, accounting for 81.2% of total capacity in 2024. C&I ESS product accounts for 7.7% of the total market and residential ESS accounted for 11.1% of the total market in 2024.

INDUSTRY OVERVIEW

Global newly installed large-scale ESS capacity, 2019-2030E, by region



Global newly installed C&I ESS capacity, 2019-2030E, by region



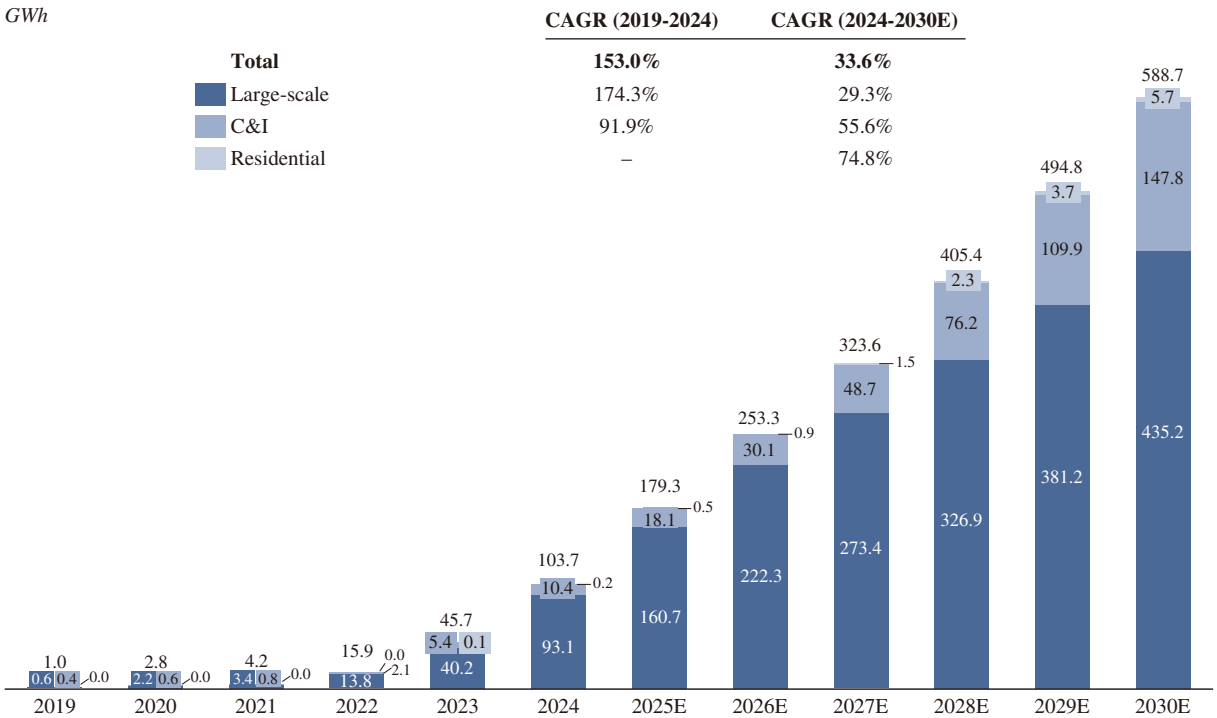
Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CIC

INDUSTRY OVERVIEW

APAC dominants both large-scale ESS and C&I ESS market. In other regions, large-scale ESS is the primary segment, with newly installed C&I and residential ESS capacity being almost negligible. In the future, the Middle East&North Africa is expected to be the fastest-growing large-scale ESS market, while the Americas is expected to be the most fast-growing C&I ESS market.

China’s newly installed ESS capacity, 2019-2030E



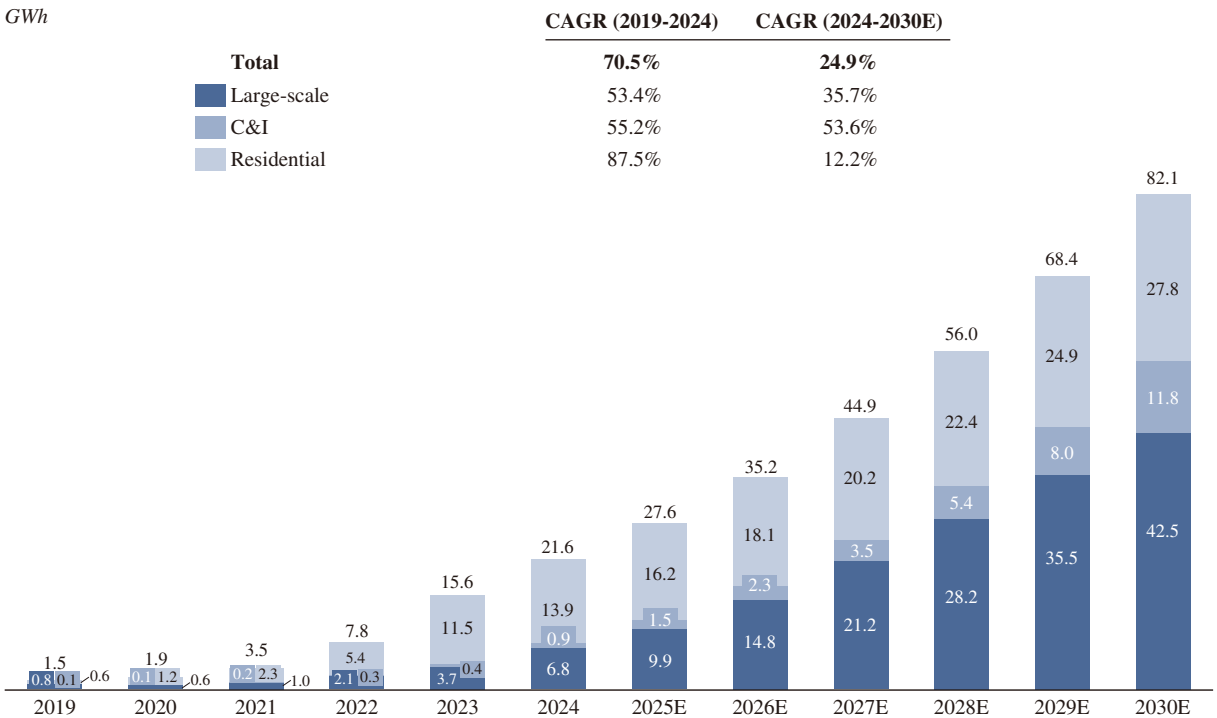
Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CNESA, CIC

China is the world’s largest newly installed ESS market, accounting for 59.3% of the global newly installed ESS market in 2024. From 2019 to 2024, China’s newly installed ESS capacity grew from 1.0 GWh to 103.7 GWh, with a CAGR of 153.0%. It is expected to grow at a CAGR of 33.6%, reaching 588.7 GWh by 2030. Large-scale ESS is the major application in China. C&I ESS has been experiencing rapid growth since 2022. The C&I segment is expected to be a key driver of future market expansion in China. Residential section has seen minimal activity since 2023 and remain at a comparatively early stage of development.

INDUSTRY OVERVIEW

Europe’s newly installed ESS capacity, 2019-2030E



Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

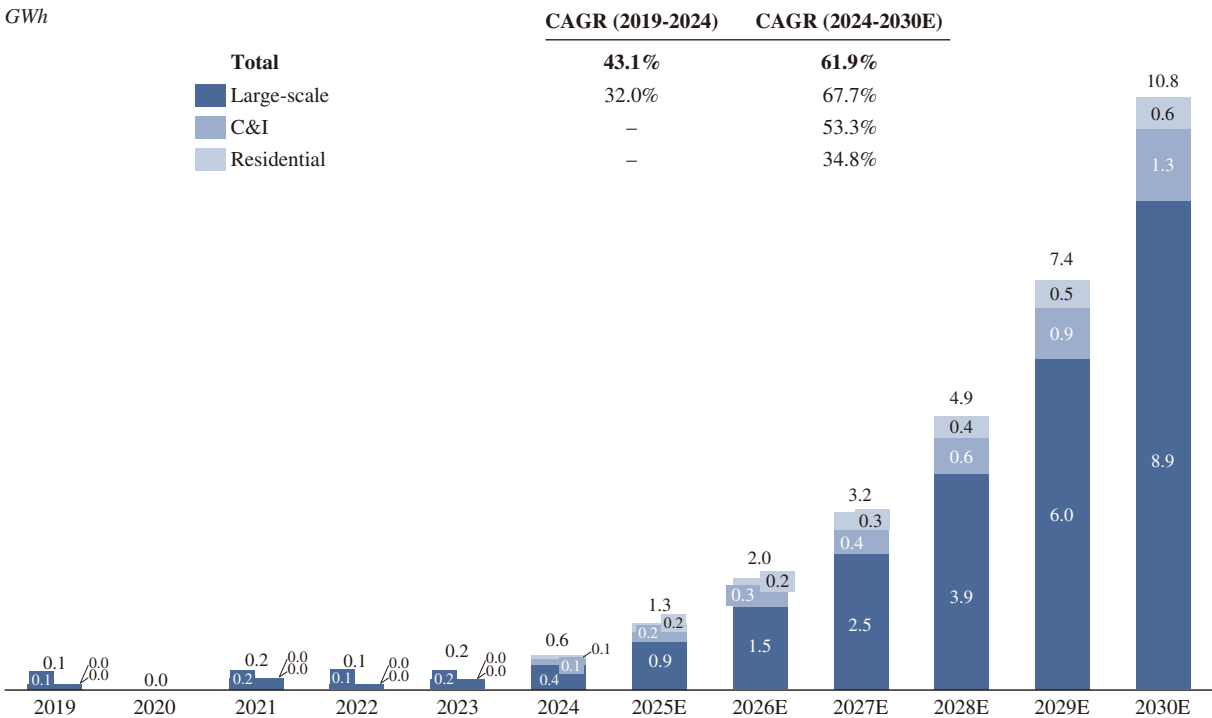
Europe denotes the geographic region rather than the political entity of the European Union.

Source: BNEF, CIC

From 2019 to 2024, Europe’s newly installed ESS capacity grew rapidly from 1.5 GWh to 21.6 GWh, with a CAGR of 70.5%. The market is expected to grow at a CAGR of 24.9%, reaching 82.1 GWh by 2030. Europe is the most mature region for residential ESS sector, accounting for 71.6% of the global newly installed residential ESS market in 2024. In the future, large-scale ESS and C&I ESS scenarios in Europe will follow the growth of the residential ESS market.

INDUSTRY OVERVIEW

Africa’s newly installed ESS capacity, 2019-2030E



Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CIC

Africa represents a small proportion of the global ESS market. However, the region boasts abundant wind and solar resources, making it a potential emerging market. It is expected that by 2030, Africa’s share of the global newly installed ESS capacity will increase from 0.3% in 2024 to 1.1%, with the newly installed capacity growing from 0.6 GWh in 2024 to 10.8 GWh in 2030, representing a CAGR of 61.9%. Africa primarily focused on large-scale ESS to address fundamental power supply challenges. Residential and C&I ESS have only started to gain traction around 2024, remaining in the early stage of development. However, as the ESS market continues to mature in the future, the residential ESS segment in Africa holds significant growth potential.

Market Drivers of the Global ESS Solution Industry

Large-scale renewable integration: Growing net-zero targets drive rapid expansion of solar and wind, increasing variability and intermittency in power generation. This poses challenges to grid stability and reliability, making energy storage essential for balancing supply-demand, smoothing fluctuations, and ensuring power quality, thereby boosting global ESS demand.

INDUSTRY OVERVIEW

Policy support and regulatory frameworks: Governments worldwide are advancing the green energy transition through policies such as the EU’s Clean Energy Package and China’s Renewable Energy Law amendments, supported by subsidies, tax incentives, portfolio standards and grid modernization. Solar and wind, the key renewable sources, are inherently intermittent, volatile and unevenly distributed across regions, which creates challenges for continuous supply and spatial alignment between power generation and consumption. Against this backdrop, policy support and application needs have accelerated the adoption of energy storage systems, which enhance grid stability, security, flexibility and economic efficiency. These advantages have positioned energy storage as a cornerstone of low carbon and resilient energy infrastructure and are driving the growth of the global energy storage system solutions industry.

Technological advancements: Innovations in battery chemistry, especially lithium iron phosphate (LFP), have markedly improved system safety, lifecycle durability, and thermal stability. These enhancements, combined with declining costs, have made energy storage more economically viable and accessible, encouraging widespread commercial deployment.

Market-driven electricity pricing and grid services: The shift toward deregulated and dynamic electricity markets allows ESS to capitalize on peak shaving, load shifting, and ancillary services such as frequency regulation. This market environment creates multiple revenue streams, making energy storage investments more attractive and accelerating industry growth.

Future Trends in the Global ESS Solution Industry

Accelerating digitalization and AI integration: The adoption of digital technologies and AI technologies, such as cloud platforms and machine learning, is enhancing ESS efficiency, thereby improving reliability and integration with modern energy grids. This growth is driven by performance and predictive maintenance demands.

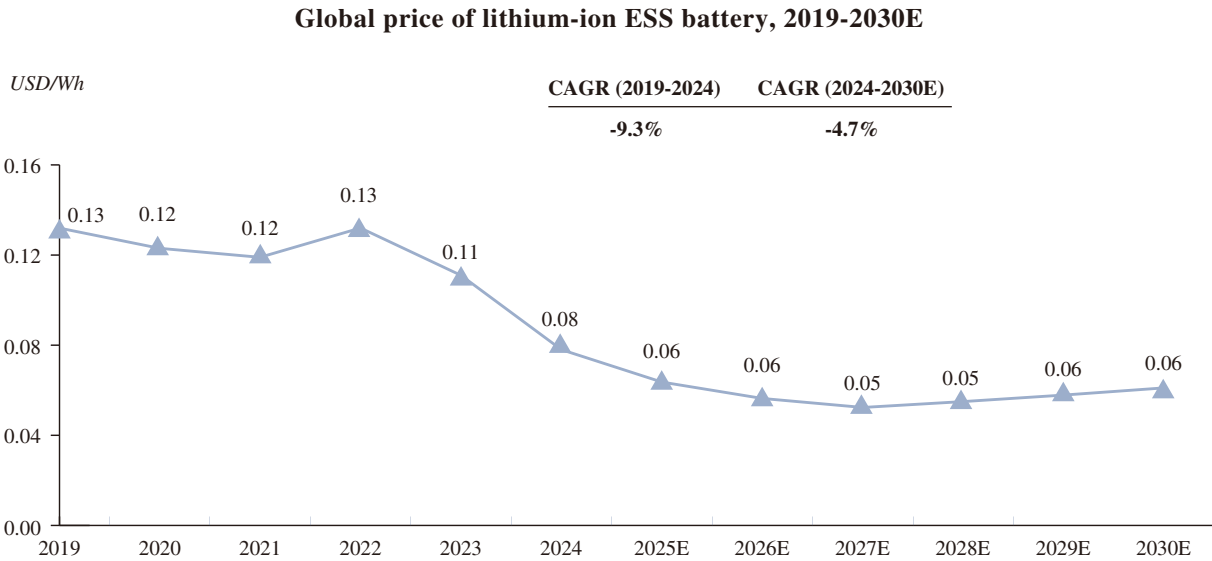
Emerging innovative business models: New business models, such as Virtual Power Plants (VPP), and Multi-use ESS, are reshaping the energy storage industry, improving financial payback periods and diversifying revenue streams.

Cross-value chain collaboration: Increasing partnerships across industry segments, particularly with upstream and downstream partners, is providing a better understanding of downstream needs. This knowledge results in improved product offerings and more effective technology implementation.

Global expansion: The energy storage industry is expanding globally as companies seek growth opportunities. International partnerships and cross-border projects are accelerating deployment and creating a more interconnected energy landscape.

INDUSTRY OVERVIEW

Raw Material Price Analysis of the Global ESS Solution Industry



Source: BNEF, CIC

Since 2023, the sharp decline in lithium carbonate prices and the expansion of lithium-ion ESS battery production have significantly reduced price of lithium-ion ESS batteries, driving a notable drop in lithium-ion ESS prices as well. The price of lithium-ion ESS battery fell from USD0.11/Wh in 2023 to USD0.08/Wh in 2024, and are expected to further decrease to USD0.06/Wh by 2030.

As a major component of ESS, lower costs of lithium-ion ESS batteries have enhanced the feasibility of ESS market development. It shortens the project payback period, attracting more investors, thereby driving industry growth. Meanwhile, the decrease in battery price also alleviates cost pressure of ESS solution providers, enable them to allocate more resources to the development of new technologies and products, thus promoting industry innovation. However, intensifying price competition poses challenges for cost efficiency and management. Only companies with strong technological capabilities and continuous innovation can maintain a competitive edge and achieve long-term growth.

OVERVIEW OF THE GLOBAL MULTI-USE ESS SOLUTION MODEL

Definition and Characteristics of the Multi-use ESS Solution

The rapid growth in ESS installations has revealed challenges with self-built storage models, such as poor profitability and low utilization, which are becoming more apparent. With policy support and electricity market liberalization, the multi-use energy storage model has emerged as an innovative solution.

INDUSTRY OVERVIEW

A multi-use ESS solution is an advanced energy storage model that is invested or used by multiple users or entities. Such system can be developed and operated by any party, including renewable energy producers, grid operators, commercial and industrial users, or third-party investors, while providing diversified energy storage services including peak shaving, frequency regulation, backup power and other energy storage services. The model enhances ESS utilization and reduces investment costs for individual users, thereby attracting more entities to participate in energy storage system development and further accelerating industry growth.

The multi-use ESS offers the following key features:

- **Broad market applicability:** Serves a diverse range of end users with flexibility across utility, grid-based and commercial sectors.
- **Diversified revenue models:** Offers multiple revenue streams, such as peak shaving, grid stabilization and ancillary services.
- **Market-driven transactions:** Supports market-based trading, which optimizes financial returns.
- **High resource utilization:** Maximizes energy storage efficiency through shared resource usage.

The Comparison between multi-use ESS and independent ESS

	Functionality	Target Users	Technology Requirement	Flexibility	Efficiency	Payback Period	Stability
Multi-use ESS Solutions	Multi-use ESS serves diverse ESS users and it can be developed by diverse users including a third-party investor. It provide flexible services like peak shaving, frequency regulation, backup power and others.	A single multi-use ESS station can serve diverse users including renewable energy producers and grid operators to C&I.	Requires smarter and more advanced ESS management systems because it performs more complex, dynamic, and interconnected tasks.				
Independent Solutions	Developed for a single user, but the independent ESS can provide several usage including peak shaving, frequency regulation, backup power and others.	An independent ESS can serve diverse users including renewable energy producers and grid operators to C&I, but a single station only serve a single user.	Rely on robust, single-purpose technology with deterministic controls and hardened reliability for mission-specific applications.				

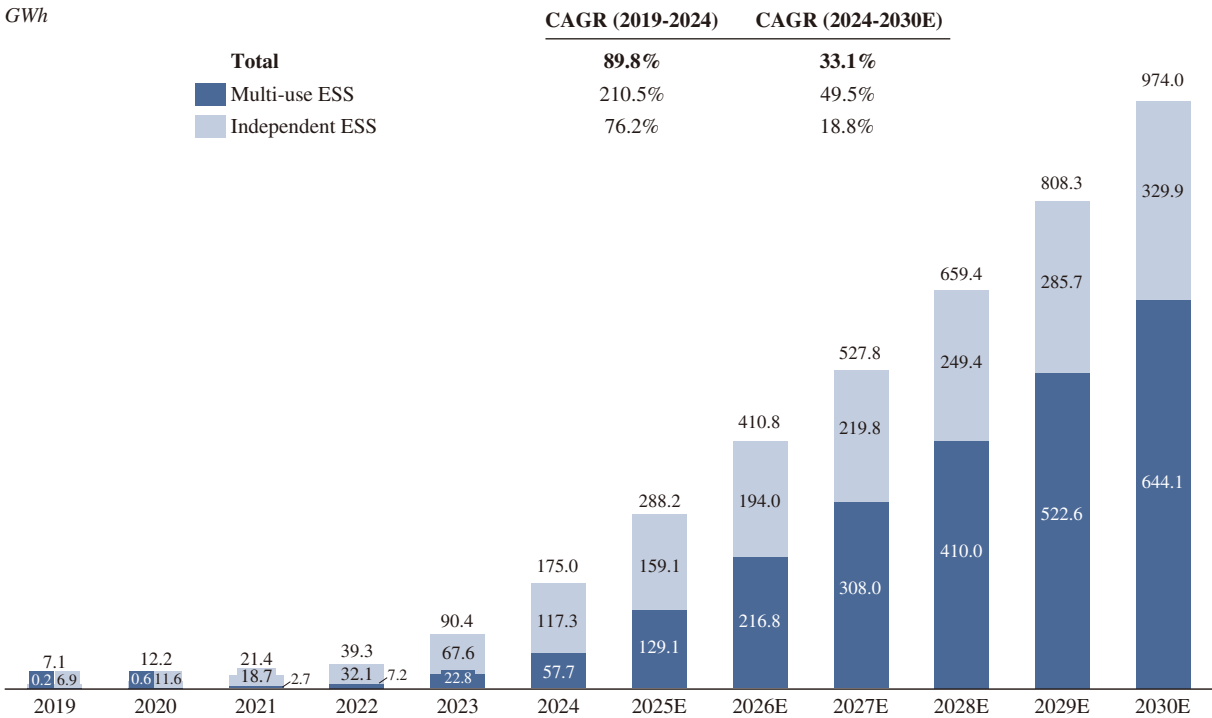
Low/Short → High/Long

Source: CIC

INDUSTRY OVERVIEW

Market Size of the Global Multi-Use ESS

Global newly installed ESS capacity, 2019-2030E



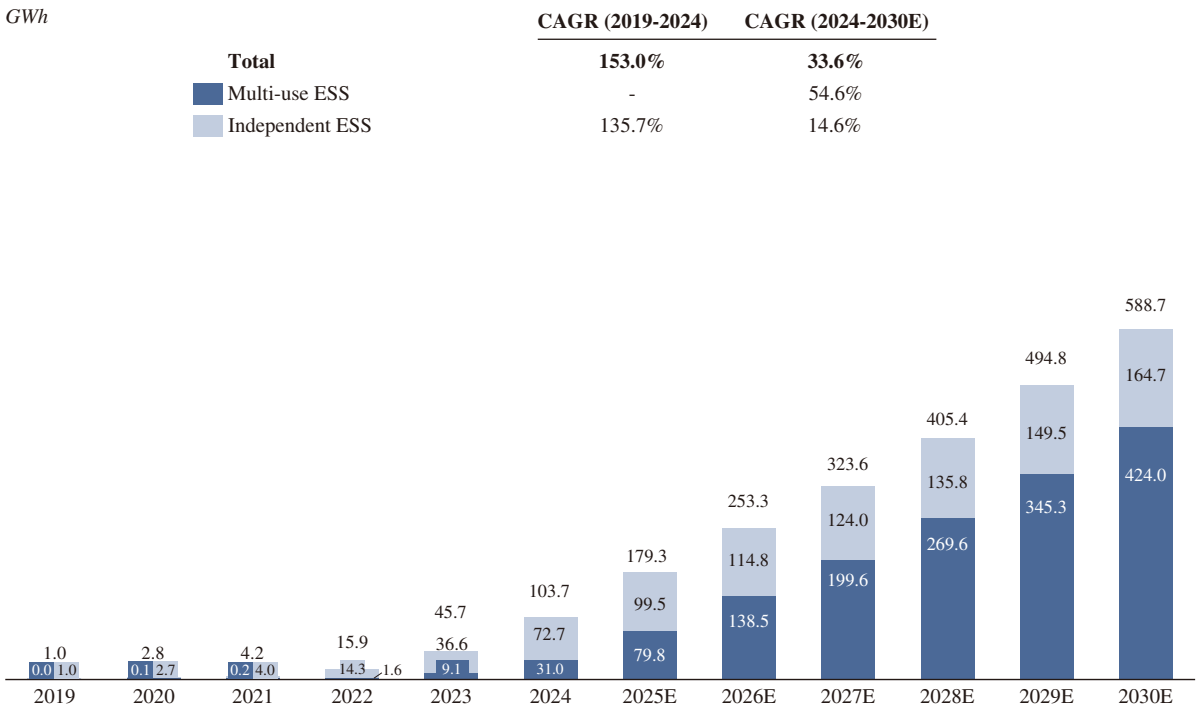
Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CIC

From 2019 to 2024, the global newly installed multi-use ESS capacity grew from 0.2 GWh to 57.7 GWh, with a CAGR of 210.5%. It is expected to increase to 644.1 GWh in 2030, with a CAGR of 49.5%. The penetration rate of multi-use ESS was 2.8% in 2019 and later reached 33.0% in 2024. The penetration rate is projected to reach 66.1% in 2030.

INDUSTRY OVERVIEW

China’s newly installed ESS capacity, 2019-2030E



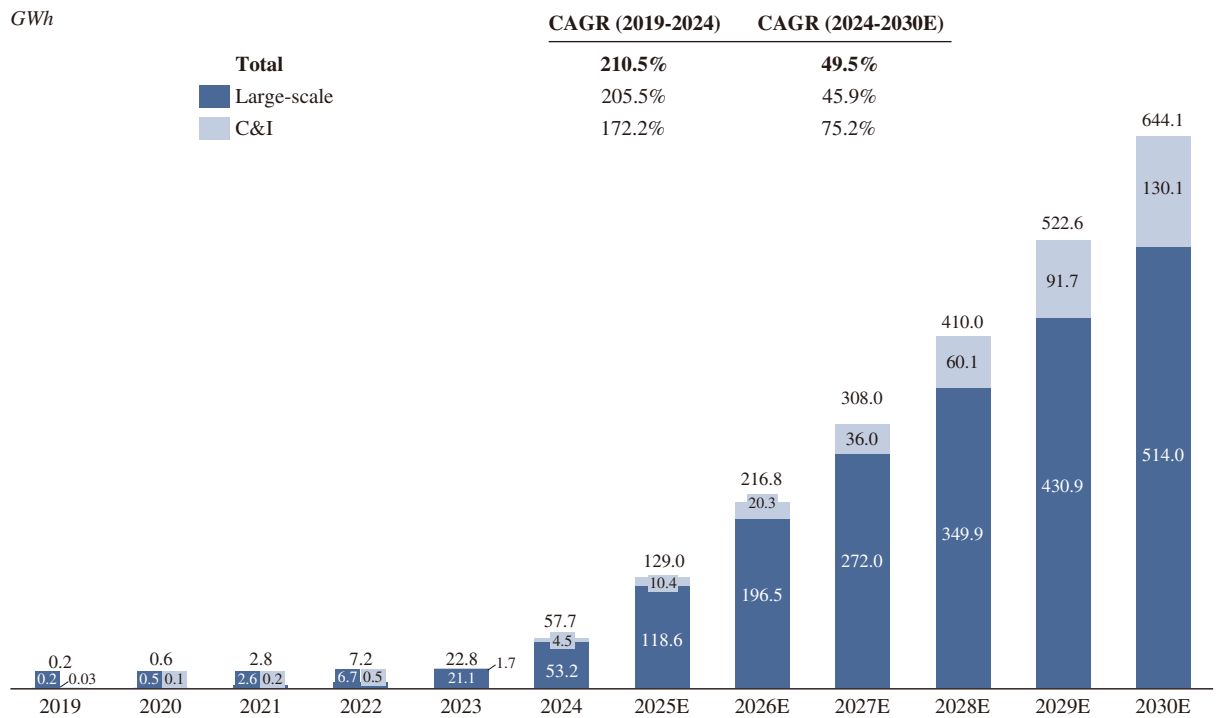
Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CIC

China’s multi-use ESS sector experienced significant growth since 2022, and in 2024, newly installed multi-use ESS capacity reached 31.0 GWh. The market is expected to continue expanding rapidly, with a projected CAGR of 54.6% from 2024 to 2030, reaching 424.0 GWh by 2030.

INDUSTRY OVERVIEW

Global newly installed multi-use ESS capacity, 2019-2030E



Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CIC

Due to the idea of multiple users sharing the multi-use ESS, residential ESS is inherently not suitable for the new business model. The concept of multi-use ESS applies only to large-scale ESS and C&I ESS.

INDUSTRY OVERVIEW

Market Drivers and Future Trends of the Global Multi-use ESS

Policy supports and market liberalization: Government incentives, regulatory frameworks and electricity market liberalization are creating a favorable environment for the growth of multi-use energy storage, making it more economically viable and attractive for various market players.

Cost efficiency and resource optimization: Multi-use energy storage maximizes the utilization of storage resources, reducing the need for large-scale individual storage investments and enabling better cost-efficiency for all parties involved.

Increasing market penetration: The penetration rate of multi-use ESS will expand across large-scale and C&I sectors. This growth is driven by the need to improve resource utilization and economic efficiency in energy storage plants.

Decentralized energy systems: The push towards decentralized energy systems will continue, with multi-use energy storage playing a key role in enabling local energy communities, supporting microgrids, and providing backup power in remote or underserved areas.

AI Application in the Multi-use ESS

AI enhances multi-use energy storage by optimizing resource allocation, market participation and user demand matching, thereby improving utilization, maximizing revenue and reducing operational costs.

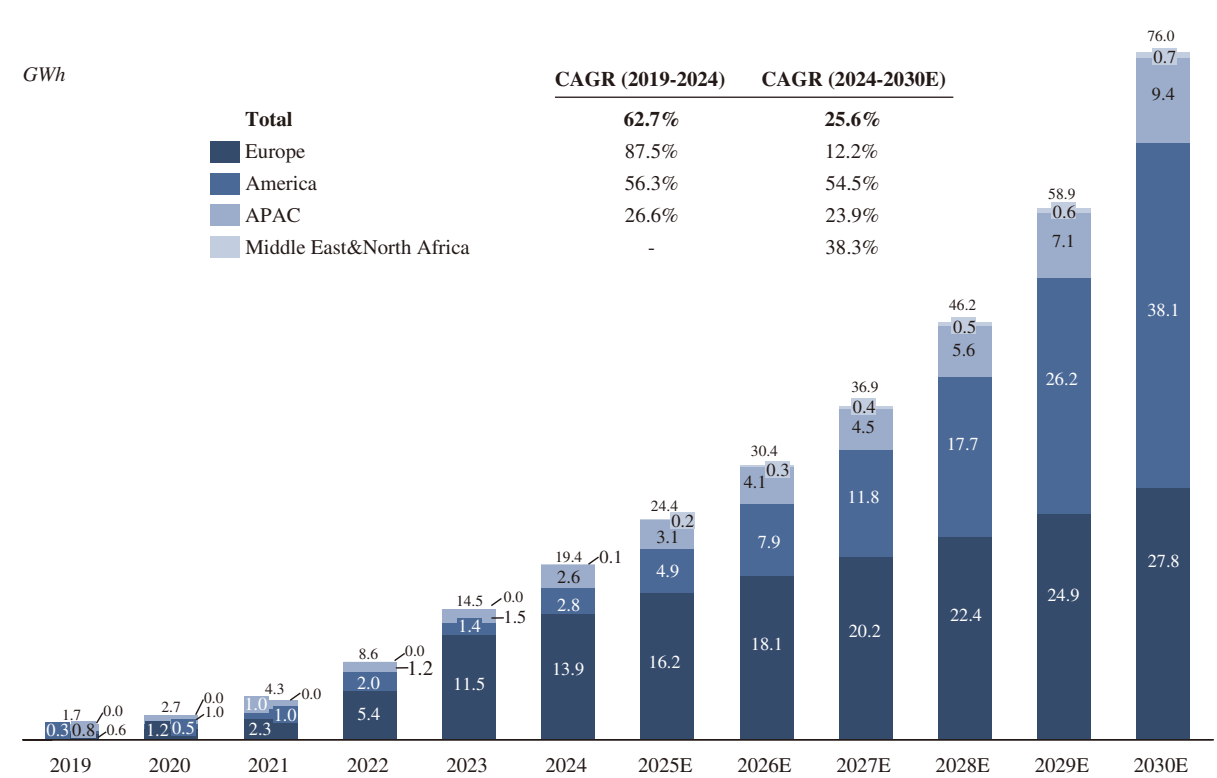
- ***Intelligent Dispatch Optimization:*** AI dynamically adjusts charging and discharging strategies based on grid load, renewable generation forecasts, and user demand, maximizing asset utilization and reducing idle capacity
- ***Price Forecasting and Market Optimization:*** AI analyzes historical pricing, supply-demand fluctuations, policy changes and other factors that might affect price to predict electricity prices and optimize energy trading strategies for higher returns.
- ***Multi-User Smart Matching:*** AI helps predict and manage the diverse energy demands of different users, including grid operators, renewable energy providers and industrial consumers. By optimizing resource allocation and dispatch strategies, AI improves utilization efficiency and maximizes overall system profitability.
- ***Renewable Generation Forecasting and Storage Coordination:*** AI predicts wind and solar power output using weather and historical generation data, optimizing battery operations to stabilize grid fluctuations and enhance energy integration.

INDUSTRY OVERVIEW

OVERVIEW OF THE GLOBAL RESIDENTIAL ESS INDUSTRY

Market Size of the Global Residential ESS Industry

Global newly installed residential ESS capacity, 2019-2030E, by region



Note: Non-electrochemical storage technologies, such as pumped hydro, flywheel, and compressed air energy storage are not included.

Source: BNEF, CIC

From 2019 to 2024, the global newly installed residential capacity of energy storage grew from 1.7 GWh to 19.4 GWh, with a CAGR of 62.7%. It is expected to reach to 76.0 GWh in 2030, with a CAGR of 25.6%. Europe is the leading market that contribute to the global residential ESS industry, the newly installed residential ESS capacity in 2024 was 13.9 GWh, accounting for 71.6% of the global market. The current residential energy storage market in the UK is relatively small, with a newly installed ESS capacity of only 0.6 GWh in 2024. However, it is expected to grow rapidly at a CAGR of 42.4%, reaching a scale of 5.0 GWh by 2030.

INDUSTRY OVERVIEW

Market Drivers and Future Trends of the Global Residential ESS Industry

Rising energy costs and grid independence: The upward trend in electricity prices, combined with heightened concerns regarding power reliability, has led to a growing preference for ESS in residential settings, enabling peak shaving and backup power capabilities.

Technological advancements in battery storage: Ongoing advancements in battery technology, particularly in lithium-ion battery efficiency, cost reduction, and safety improvements, are significantly driving down the barriers to entry for residential ESS.

Solar-storage-charging all-in-one systems: The market is experiencing a shift towards integrated solar-storage-charging systems that enable seamless management of solar energy, storage, and electric vehicle (EV) charging. This trend is expected to drive greater consumer adoption and enhance the overall efficiency of residential energy solutions.

AI-optimized energy management: AI and smart technologies are becoming increasingly integrated into residential ESS. These innovations enable more efficient energy management, predictive maintenance, and intelligent load forecasting, optimizing overall system performance and reducing operational costs

AI Application in the Residential ESS Industry

In the residential ESS sector, AI-optimized energy management improves efficiency, enhances integration with smart homes and distributed grids, and optimizes cost savings.

- ***Smart solar-storage-charging integration:*** AI enables seamless coordination between solar generation, battery storage and EV charging, prioritizing energy usage based on availability and cost to maximize economic benefits.
- ***Self-consumption optimization:*** AI analyzes residential electricity consumption, electricity generation forecasts, and real-time electricity prices to maximize self-consumption, reduce grid dependence and lower energy costs.
- ***Intelligent Home Integration:*** AI seamlessly integrates with residential appliances, including heat pumps, EV chargers, and other smart home systems, to optimize energy consumption and energy storage, enhance efficiency and prevent peak demand overloads. By dynamically managing electricity usage, AI enables a more autonomous and cost-effective home energy ecosystem.
- ***Home Device Operation Safety Control:*** With the increasing adoption of AI in home environments, ESS can optimize device management through energy control, ensuring the safe operation of various residential smart devices including robots while enhancing overall efficiency.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF THE GLOBAL ESS INDUSTRY

The Competitive landscape of the global ESS industry

The ESS market is highly competitive, with over 300 players globally. Beyond the top 30 companies, the market remains highly fragmented, the top 30 companies occupied over 90% of the market share in terms of the newly installed ESS capacity. Chinese companies play a key role in the global ESS market, driven by their strong supply chain capabilities and technological innovation. In 2024, over 70% of newly installed energy storage capacity worldwide was provided by Chinese players.

The average selling price of ESS has shown a downward trend globally and in China, primarily due to the intense competition in the ESS solutions industry, where low-price competition is prevalent.

The Ranking of multi-use ESS providers

The company ranks as the eighth largest Chinese ESS provider by newly installed multi-use ESS capacity worldwide in 2024.

The ranking of Chinese multi-use ESS providers by global newly installed capacity, 2024

Ranking	Company	Description	Global newly installed multi-use ESS capacity	Market share
1	Company A	Founded in 1997 and headquartered in Anhui Company A specializes in renewable energy solutions, solar inverters, energy storage systems. It was listed on the Shenzhen Stock Exchange in 2011.	~10 GWh	~16.5%
2	Company B	Founded in 1992 and headquartered in Hunan, Company B is a subsidiary of Chinese state-owned enterprise which listed in Hongkong Exchange and Shanghai Exchange specializes in electric traction systems and vehicle control technology.	~7 GWh	~11.3%
3	Company C	Founded in 2011 and headquartered in Beijing, Company C specializes in energy storage systems. It was listed on the Shanghai Stock Exchange in 2025.	~6 GWh	~9.5%
4	Company D	Founded in 2015 and headquartered in Jiangsu, Company D is an unlisted company and specializes in energy storage solutions, and developed digital technologies to deliver better energy storage solutions.	~4 GWh	~6.1%
5	Company E	Founded in 2007 and headquartered in Shanghai, Company E is an unlisted company and specializes in smart wind turbines, energy storage systems solutions.	~4 GWh	~6.1%
6	Company F	Founded in 2016 and headquartered in Shandong, Company F is subsidiary of Chinese state-owned enterprise and specializes in power transmission and distribution equipment, energy storage systems solutions.	~3 GWh	~4.6%
7	Company G	Founded in 1995 and headquartered in Shenzhen, Company G specializes in electric vehicles, battery technology, and energy storage solutions. It was listed on the Hong Kong Stock Exchange in 2002 and Shenzhen Exchange in 2011.	~3 GWh	~4.3%
8	The Company	Founded in 2019 and headquartered in Jiangsu, the Company is a renewable energy solutions and products provider based on platform technology and driven by AI in the energy storage industry in the PRC.	~2 GWh	~3.1%
9	Company H	Founded in 2021 and headquartered in Beijing, Company H is an unlisted company and specializes in energy storage solutions, and developed digital technologies to deliver better energy storage solutions.	~2 GWh	~2.8%
10	Company I	Founded in 2011 and headquartered in Fujian, Company I specializes in the development and production of lithium-ion batteries for electric vehicles and energy storage systems. It is a global leader in the battery industry and was listed on the Shenzhen Exchange in 2018 and listed on the Hongkong Exchange in 2025.	<2 GWh	~2.6%

Source: CIC

INDUSTRY OVERVIEW

Ranking of global multi-use ESS providers by global newly installed capacity, 2024

Ranking	Company	Description	Global newly installed multi-use ESS capacity	Market share
1	Company Q	Founded in 2003 and headquartered in California, Company Q is a global leader in electric vehicles and energy storage technologies. It was listed on the NASDAQ Stock Exchange in 2010.	~11 GWh	~18.6%
2	Company A	Founded in 1997 and headquartered in Anhui Company A specializes in renewable energy solutions, solar inverters, energy storage systems. It was listed on the Shenzhen Stock Exchange in 2011.	~10 GWh	~16.5%
3	Company R	Founded in 2018 and headquartered in Virginia, Company R specializes in energy storage products and digital applications for grid-scale energy management. It was listed on the NASDAQ Stock Exchange in 2021.	~7 GWh	~11.3%
4	Company B	Founded in 1992 and headquartered in Hunan, Company B is a subsidiary of Chinese state-owned enterprise which listed in Hongkong Exchange and Shanghai Exchange specializes in electric traction systems and vehicle control technology.	~7 GWh	~11.3%
5	Company C	Founded in 2011 and headquartered in Beijing, Company C specializes in energy storage systems. It was listed on the Shanghai Stock Exchange in 2025.	~6 GWh	~9.5%
6	Company D	Founded in 2015 and headquartered in Jiangsu, Company D is an unlisted company and specializes in energy storage solutions, and developed digital technologies to deliver better energy storage solutions.	~4 GWh	~6.1%
7	Company E	Founded in 2007 and headquartered in Shanghai, Company E is an unlisted company and specializes in smart wind turbines, energy storage systems solutions.	~4 GWh	~6.1%
8	Company F	Founded in 2016 and headquartered in Shandong, Company F is subsidiary of Chinese state-owned enterprise and specializes in power transmission and distribution equipment, energy storage systems solutions.	~3 GWh	~4.6%
9	Company G	Founded in 1995 and headquartered in Shenzhen, Company G specializes in electric vehicles, battery technology, and energy storage solutions. It was listed on the Hong Kong Stock Exchange in 2002 and Shenzhen Exchange in 2011.	~3 GWh	~4.3%
10	The Company	Founded in 2019 and headquartered in Jiangsu, the Company is a renewable energy solutions and products provider based on platform technology and driven by AI in the energy storage industry in the PRC.	~2 GWh	~3.1%

Source: CIC

The Ranking of Chinese residential ESS providers

In 2024, the company ranks as the tenth largest Chinese ESS provider globally by residential ESS shipment capacity globally.

Ranking of the Chinese Residential ESS Solution providers by global shipment capacity, 2024

Ranking	Company	Description	Global residential shipment capacity	Market Share
1	Company J	Founded in 2021 and headquartered in Shenzhen, Company J is an unlisted company and specializes in digital energy solutions, focusing on smart grid, photovoltaic, and energy storage systems.	~4.0 GWh	~20.6%
2	Company G	Founded in 1995 and headquartered in Shenzhen, Company G specializes in electric vehicles, battery technology, and energy storage solutions. It was listed on the Hong Kong Stock Exchange in 2002 and Shenzhen Exchange in 2011.	~4.0 GWh	~20.6%
3	Company K	Founded in 2009 and headquartered in Shanghai, Company K specializes lithium-ion energy storage systems, focusing on energy storage applications for residential sector. It was listed on the Shanghai Stock Exchange in 2020.	~1.5 GWh	~7.7%
4	Company L	Founded in 2000 and headquartered in Zhejiang, Company L is an specializes solar inverters and energy storage systems, focusing on efficient power conversion. It was listed on the Shanghai Exchange in 2021.	~1.0 GWh	~5.2%
5	Company M	Founded in 2010 and headquartered in Shenzhen, Company M is an unlisted company and specializes in solar inverters and energy storage solutions, focusing on residential sector.	~0.6 GWh	~3.1%
6	Company N	Founded in 2010 and headquartered in Jiangsu, Company N specializes in photovoltaic inverters and energy storage systems, focusing on innovative power conversion solutions for renewable energy applications. It was listed on Shanghai Exchange in 2020.	~0.4 GWh	~2.1%
7	Company A	Founded in 1997 and headquartered in Anhui Company A specializes in renewable energy solutions, solar inverters, energy storage systems. It was listed on the Shenzhen Stock Exchange in 2011.	~0.3 GWh	~1.5%
8	Company O	Founded in 2022 and headquartered in Shanghai, Company O specializes in solar power generation systems and energy storage solutions, focusing on integrated renewable energy storage solutions.	~0.3 GWh	~1.5%
9	Company P	Founded in 2012 and headquartered in Jiangsu, Company P is an unlisted company and specializes in digitalized energy storage solutions which focuses on residential sector.	~0.3 GWh	~1.5%
10	The Company	Founded in 2019 and headquartered in Jiangsu, the Company specializes in energy storage solutions, and is a leading platform-featured technology service provider of integrated AI-driven energy solutions in the energy storage system	~0.2 GWh	~1.0%

Source: CIC

INDUSTRY OVERVIEW

SOURCE OF INFORMATION

We commissioned CIC, an independent market research and consulting firm, to provide an analysis of, and to produce a report on global ESS market.

CIC provides professional services including, among others, industry consulting, commercial due diligence and strategic consulting. We have agreed to pay a fee of CNY470 thousand to CIC in connection with the preparation of the CIC Report. The report was prepared independent of the influence of us and other interested parties. We have extracted certain information from the CIC Report in this section, as well as elsewhere in this Document, to provide our potential [REDACTED] with a more comprehensive presentation of the industry we operate in.

In preparing the CIC Report, CIC conducted both primary and secondary research utilizing diverse resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the Bloomberg New Energy Finance, International Energy Agency, China Energy Storage Alliance and others.

The market projections in the CIC report are based on the following assumptions: (i) the overall social, economic and political environment worldwide is expected to remain stable during the forecast period; (ii) each country’s economic and industrial development is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

REGULATORY OVERVIEW

This subsection sets forth a summary of the most significant PRC rules and regulations that affect our business operations.

INDUSTRIAL POLICIES

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

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

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

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

According to the Basic Rules for the Operation of the Electric Power Market (《電力市場運行基本規則》) promulgated by the NDRC on April 25, 2024 and implemented on July 1, 2024, the term “members of the electric power market” refers to the business entities, the operators of the electric power market and the power grid enterprises that provide power transmission and distribution services, etc. In particular, business entities include the enterprises generating electricity, enterprises selling electricity, electricity users and new business entities (including enterprises engaging in the energy storage, virtual power plants,

REGULATORY OVERVIEW

load aggregators, etc.) which participate in the electric power market transactions. The construction of the technical supporting system of the electric power market shall comply with the requirements of the prescribed performance indicators and have the functions of energy management, transaction management, measurement of power energy, settlement system, contract management, quotation processing, market analysis and forecast, trading information, and regulatory system, etc.

REGULATIONS ON PRODUCT QUALITY AND CONSUMERS PROTECTION

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

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

REGULATIONS ON IMPORT AND EXPORT OF GOODS

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

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exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business.

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

In the last few months, China and the United States have implemented a series of tariff countermeasures against each other. On February 1, 2025, U.S. President Donald Trump signed an executive order imposing an additional 10% tariff on goods imported from China and eliminating the T86 customs clearance policy (which exempted packages valued under \$800 from tariffs). Furthermore, the United States will impose additional tariffs on electric vehicles, lithium batteries, semiconductors, and other products imported from China, with the semiconductor tariff increasing from 25% to 50% which took effective on May 14, 2025. Correspondingly, China imposed a 15% tariff on U.S. coal and liquefied natural gas, and a 10% tariff on crude oil, agricultural machinery, large-displacement vehicles, and pickup trucks starting from February 10, 2025. On April 4, 2025, China announced an additional 34% tariff on all imported goods originating from the United States. On May 12, 2025, China and the U.S. reached a tariff suspension agreement, and China reduced its special tariffs on U.S. goods from 125% to 10%, although Section 232/301 tariffs on Chinese goods remain in effect. Such adverse government policies related to international trade or changes in diplomatic relations between China and foreign countries or regions may affect product sales in international markets and the import/export of raw materials crucial for international expansion efforts. The implementation of new tariffs, amendments to laws and regulations, or the renegotiation of existing trade agreements may have an impact on business, prospects, operating performance, financial condition, and cash flow.

REGULATIONS ON PRODUCTION SAFETY AND FIRE SAFETY

Production Safety

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

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Fire Safety

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

REGULATIONS ON ENVIRONMENTAL PROTECTION

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

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

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REGULATIONS ON ANTI-UNFAIR COMPETITION

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

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

REGULATIONS ON LAND GRANTS AND LEASING

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

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

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

REGULATIONS ON INTELLECTUAL PROPERTY

Patent rights

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

Copyright

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

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

Trademark

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

Domain names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and took effect on November 1, 2017, and the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the MIIT on November 27, 2017 and took effect on January 1, 2018, the MIIT supervises and manages the domain name services nationwide. The domain name used by an internet information service provider in providing internet information services must be registered and owned by such provider in accordance with the laws and regulations. Registrations of domain names are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

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REGULATIONS ON EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor

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

Social Insurance

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

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

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

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

Housing Provident Fund

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

Employee Stock Incentive Plans

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

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REGULATIONS ON TAXATION

Enterprise Income Tax

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

Value Added Tax

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

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

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

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REGULATIONS ON CYBERSECURITY

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

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

According to the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was jointly promulgated by the Cyberspace Administration of China, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of National Security, the MOF, the Ministry of Commerce, the People’s Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the China Securities Regulatory Commission, the National Administration of State Secrets Protection, and the State Cryptography Administration on November 16, 2021 and came into effect on February 15, 2022, a network platform operator with personal information of more than 1 million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

REGULATIONS ON DATA PROTECTION

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

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

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

REGULATIONS RELATING TO FOREIGN EXCHANGE

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

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

According to the Notice of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019 and amended by SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) which was promulgated on December 4, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in

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RMB and make domestic equity investments with such RMB funds according to the law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

REGULATIONS ON OVERSEAS OFFERING AND LISTING OF DOMESTIC ENTERPRISES

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

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

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

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) promulgated by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China on February 24, 2023 and implemented on March 31, 2023, where a domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and data involving state secrets and working secrets of state organs,

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it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas offering and listing of domestic companies shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions.

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

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

REGULATIONS ON THE H SHARE FULL CIRCULATION

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

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

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

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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We are a renewable energy solutions and products provider based on platform technology and driven by AI in the energy storage industry in the PRC.

Our history can be traced back to January 2019 when our Company was established in the PRC. This establishment was prompted by our founders, Mr. Feng (the chairman of our Board, executive Director and one of our Controlling Shareholders), Mr. Rong Xin (榮鑫) (an Independent Third Party), Mr. Liu (our executive Director, executive president and one of our Controlling Shareholders) and Mr. Zhou Yiming (周燚明) (an Independent Third Party), who saw the development potential of the ESS industry in the PRC. Since our establishment, our Group has been led by Mr. Feng who had accumulated years of management experience and extensive industry know-how through his previous working experience. Please see “Directors, Supervisors and Senior Management” in this document for the biography of Mr. Feng.

KEY MILESTONES

The following table illustrates the key milestones of our business development:

Year	Key milestones
2019	Our Company was established. We formed our digital and AI energy R&D team as a starting point for our digital and AI business.
2020	We commenced the construction of our Wuxi R&D Centre.
2021	We were recognized as a High-tech Enterprise (高新技術企業) by National High-tech Enterprise Certification Management Leading Group Office (全國高新技術企業認定管理工作領導小組辦公室). We established our digital and AI energy laboratory and launched the self-developed “cloud-edge-terminal” energy monitoring framework.
2022	We launched the overseas brand “HANCHU ESS”, laying the foundation for overseas commercial deployment.
2023	We were awarded “Top 10 Integrated Energy Service Providers in China’s Energy Storage Industry 2023” (2023中國儲能行業十佳綜合能源服務商) by the committee of China (Jiangsu) International Energy Storage Conference* (中國(江蘇)國際儲能大會組委會).

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Year	Key milestones
2024	We established a joint R&D center for advanced energy storage thermal management with Shanghai Jiaotong University. We launched HANCHU iESS 3.0 and completed the first overseas industrial and commercial project for HANCHU ESS.
2025	Our Company was converted from a limited liability company to a joint stock company with limited liability.

CORPORATE DEVELOPMENTS

The following sets forth the corporate history and shareholding changes of our Company.

(i) Establishment of our Company

Our Company was established in the PRC as a limited liability company on January 4, 2019 with an initial registered capital of RMB1 million. Upon establishment, our Company was owned as to 46% by Mr. Feng, 28% by Mr. Rong Xin, 16% by Mr. Liu and 10% by Mr. Zhou Yiming, respectively. Please see “Directors, Supervisors and Senior Management – Our Board of Directors – Executive Directors” in this document for the biographies of Mr. Feng and Mr. Liu.

In order to devote more time to their other businesses, Mr. Zhou Yiming transferred his entire equity interest in our Company to Shanghai Youce Investment Consulting Co., Ltd.* (上海幼策投資諮詢有限公司) (“**Shanghai Youce**”) in April 2019, and Mr. Rong Xin transferred his entire equity interest in our Company to Mr. Feng and Shanghai Youce in April 2019 and to Shenzhen Shangxing Investment Development Co., Ltd.* (深圳市尚行投資發展有限公司) (“**Shenzhen Shangxing**”) and Shanghai Youce in January 2021, respectively, and therefore ceased to be our Shareholders. Please see “Corporate Developments – (ii) Equity transfer in April 2019” and “Corporate Developments – (iii) Equity transfer in January 2021” in this section for details.

(ii) Equity transfer and capital increase in April 2019

On April 24, 2019, Mr. Rong Xin, Mr. Liu and Mr. Zhou Yiming entered into an equity transfer agreement with Mr. Feng and Shanghai Youce, pursuant to which (a) Mr. Rong Xin agreed to transfer 3.28% and 0.08% of the then equity interest in our Company to Mr. Feng and Shanghai Youce, respectively, at a nominal consideration, (b) Mr. Liu agreed to transfer 1.92% of the then equity interest in our Company to Shanghai Youce at a nominal consideration, and (c) Mr. Zhou Yiming agreed to transfer 10% of the then equity interest in our Company, which was his entire equity interest in our Company, to Shanghai Youce at a nominal consideration. The consideration of the above equity transfers were determined with reference to the non-paid up capital contribution by the transferors in our Company.

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Shanghai Youce was an investment holding platform of Mr. Chen Junde (陳俊德), whose equity interest in Shanghai Youce is held on trust by Shanghai Youce’s sole registered shareholder, Mr. Wu Xicheng (吳歙成) (an Independent Third Party), for administrative purpose (the “**Entrustment Arrangement**”). The Entrustment Arrangement was terminated in September 2022 when Shanghai Youce transferred its entire equity interest in our Company to Mr. Chen Junde and it ceased to be our Shareholder since then.

On April 24, 2019, pursuant to the Shareholders’ resolutions of even date, the registered capital of our Company increased from RMB1 million to RMB20 million, among which the then Shareholders agreed to subscribe for the increase of equity capital in proportion to their then respective equity interest in our Company. The amount of increase in capital was determined based on the then business and operation needs of our Company. The subscription of equity capital was fully paid-up in October 2024.

The equity structure of our Company immediately following the above equity transfer and capital increase in April 2019 was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Mr. Feng	9,856,000	49.28
Mr. Rong Xin	4,928,000	24.64
Mr. Liu	2,816,000	14.08
Shanghai Youce ⁽¹⁾	2,400,000	12.00
Total	20,000,000	100.00

Note:

(1) The equity interest held by Shanghai Youce in our Company was held on trust in favor of Mr. Chen Junde.

(iii) Equity transfer in January 2021

As part of reorganization to facilitate better corporate structure, on January 21, 2021, Mr. Feng, Mr. Rong Xin and Mr. Liu entered into an equity transfer agreement with Hainan Xuding, Shanghai Youce and Shenzhen Shangxing, pursuant to which (a) Mr. Feng agreed to transfer 49.28% of his then equity interest in our Company to Hainan Xuding at nil consideration, (b) Mr. Liu agreed to transfer 2.76% and 11.32% of his then equity interest in our Company to Hainan Xuding and Shenzhen Shangxing, respectively, at nil consideration, and (c) Mr. Rong Xin agreed to transfer 11.64% and 13% of his then equity interest in our Company (which was his entire equity interest in our Company) to Shenzhen Shangxing and Shanghai Youce, respectively, at nil consideration. The consideration was determined with reference to the non-paid up capital contribution by the transferors in our Company.

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Hainan Xuding is an investment vehicle of Mr. Feng and Mr. Liu for the purpose of exclusively holding interests in our Company and has no operations. As of the Latest Practicable Date, Hainan Xuding was owned as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu, respectively. Shenzhen Shangxing, a then investment vehicle, was then owned as to 90% by Mr. Feng and the remaining 10% by Ms. Xie Peilin, an Independent Third Party, but Shenzhen Shangxing subsequently ceased to be our Shareholder in June 2023. Please see “Corporate Developments – (v) Equity transfer and capital increase in June 2023” in this section for details.

The equity structure of our Company immediately following the above equity transfer was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Hainan Xuding	10,408,000	52.04
Shanghai Youce ⁽¹⁾	5,000,000	25.00
Shenzhen Shangxing	4,592,000	22.96
Total	20,000,000	100.00

Note:

(1) The equity interest held by Shanghai Youce in our Company was held on trust in favor of Mr. Chen Junde.

(iv) Equity transfer in September 2022

On September 5, 2022, Shanghai Youce entered into an equity transfer agreement with Mr. Chen Junde, pursuant to which Shanghai Youce agreed to transfer 25% of the then equity interest in our Company, which was its entire equity interest in our Company, to Mr. Chen Junde at nil consideration. Upon completion of such equity transfer, the Entrustment Arrangement was terminated and Mr. Chen Junde directly held his equity interest in our Company.

The equity structure of our Company immediately following the above equity transfer was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Hainan Xuding	10,408,000	52.04
Mr. Chen Junde	5,000,000	25.00
Shenzhen Shangxing	4,592,000	22.96
Total	20,000,000	100.00

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(v) Equity transfers and capital increase in June 2023

On June 1, 2023, Shenzhen Shangxing entered into equity transfer agreements with Mr. Zhang, Wuxi Xiyun, Wuxi Yuebai, Mr. Feng, Mr. Liu, Wuxi Luanhua and Hainan Xuding, respectively, pursuant to which Shenzhen Shangxing agreed to transfer the equity capital of RMB160,410, RMB2,278,482, RMB588,234, RMB968,013, RMB489,800, RMB107,021 and RMB40, representing approximately 0.80%, 11.39%, 2.94%, 4.84%, 2.45%, 0.54% and 0.0002% of the then registered capital, to Mr. Zhang, Wuxi Xiyun, Wuxi Yuebai, Mr. Feng, Mr. Liu, Wuxi Luanhua and Hainan Xuding, respectively, at nil consideration. The consideration was determined with reference to the non-paid up capital contribution by the respective transferor in our Company. The equity transfer from Shenzhen Shangxing to Mr. Zhang was part of the grant under an employee incentive scheme.

Wuxi Xiyun is a core employee incentive shareholding platform of our Company and was established in the PRC as a limited partnership on June 8, 2023. As of the Latest Practicable Date, Wuxi Xiyun was owned as to (i) approximately 1.06% by its sole general partner, Mr. Zhang, (ii) approximately 37.13% by its limited partner, Mr. Guo Xuelong, (iii) approximately 20.63% by its limited partner, Mr. Zhu, (iv) approximately 9.28% by its limited partner, Mr. Qian, and (v) approximately 31.9% by other three limited partners who are current employees of the Group, none of whom individually owned more than 30% of the partnership interests in Wuxi Xiyun. As at the Latest Practicable Date, all partnership interests in Wuxi Xiyun have been subscribed by and fully paid up by the grantees of such incentive scheme. Please see “Statutory and General Information – Employee Incentive Schemes” in Appendix VI to this document for further details of the incentive scheme.

Wuxi Luanhua is a senior management incentive shareholding platform of our Company and was established in the PRC as a limited partnership on June 8, 2023. As of the Latest Practicable Date, Wuxi Luanhua was owned as to (i) approximately 0.54% by its sole general partner, Mr. Feng, and (ii) approximately 70.68%, 24.11% and 4.68% by Mr. Zhang, Dr. Bai and Mr. Wang, respectively. As at the Latest Practicable Date, all partnership interests in Wuxi Luanhua have been subscribed by and fully paid up by the grantees of such incentive scheme. Please see “Statutory and General Information – Employee Incentive Schemes” in Appendix VI to this document for further details of the incentive scheme.

Wuxi Yuebai is an investor shareholding platform of our Company. At the relevant time of the above equity transfer in 2023, Wuxi Yuebai was held as to approximately 59.11% by Ms. Xie Peilin, its sole general partner, and approximately 40.89% by Mr. Tao Wei, its limited partner. Please see “[REDACTED] Investments – Information about the [REDACTED] Investors” in this section for further information about Wuxi Yuebai.

On June 1, 2023, Hainan Xuding entered into equity transfer agreements with Mr. Zhang, Mr. Liu and Wuxi Yuebai, respectively, pursuant to which Hainan Xuding agreed to transfer the equity capital of RMB402,814, RMB563,267 and RMB10,784 to Mr. Zhang, Mr. Liu and Wuxi Yuebai, respectively, at nil consideration. The consideration was determined with reference to the non-paid up capital contribution by the respective transferor in our Company. The equity transfer from Hainan Xuding to Mr. Zhang was part of the grant under an employee incentive scheme.

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On June 1, 2023, pursuant to the Shareholders’ resolutions of even date, the registered capital of the Company increased from RMB20 million to RMB24,489,984, among which Hainan Xuding, Wuxi Luanhua and Wuxi Xiyun agreed to subscribe for the increased registered capital of RMB1,049, RMB4,464,446 and RMB24,489, respectively. The amount of increase in registered capital was determined based on the then business and operation needs of our Company. The subscription of equity capital was fully paid-up in October 2024.

The equity structure of our Company immediately following the above equity transfers and capital increase was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Hainan Xuding	9,432,224	38.51
Mr. Chen Junde	5,000,000	20.42
Wuxi Luanhua	4,571,467	18.67
Wuxi Xiyun	2,302,971	9.40
Mr. Liu	1,053,067	4.30
Mr. Feng	968,013	3.95
Wuxi Yuebai	599,018	2.45
Mr. Zhang	563,224	2.30
Total	24,489,984	100.00

(vi) Capital increase in July 2023

On December 22, 2022, our Company entered into a capital increase agreement with, among others, Mr. Cai Guoming (蔡國明) and Mr. Lin Guodong (林國棟), pursuant to which Mr. Cai Guoming and Mr. Lin Guodong agreed to invest RMB10 million and RMB6 million to our Company, respectively, among which RMB2,915,474 and RMB1,749,285 were contributed to the registered capital of our Company, respectively, and RMB7,084,526 and RMB4,250,715 were credited into our Company’s capital reserve, respectively. The consideration was determined based on arm’s length negotiation among the parties with reference to the then expected financial performance of our Company and the confidence of Mr. Cai Guoming and Mr. Lin Guodong in the industry, and was fully settled on July 28, 2023. Accordingly, the registered capital of our Company was increased from RMB24,489,984 to RMB29,154,743 after completion of the capital increase. Please see “[REDACTED] Investments – Information about the [REDACTED] Investors” in this section for further information of Mr. Cai Guoming and Mr. Lin Guodong.

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On March 28, 2023, our Company entered into a capital increase agreement with Mr. Qiao Xin (喬昕), Ms. Zhang Panpan (張盼盼), Ms. Zhou Qiong (周瓊), Ms. Xu Siyue (許似月), Mr. Liu Xin (劉鑫) and Ms. Cui Yanan (崔雅楠), pursuant to which Mr. Qiao Xin, Ms. Zhang Panpan, Ms. Zhou Qiong, Ms. Xu Siyue, Mr. Liu Xin and Ms. Cui Yanan agreed to invest RMB4 million, RMB4 million, RMB2.4 million, RMB0.4 million, RMB0.8 million and RMB1 million to our Company, respectively, among which RMB301,030, RMB301,030, RMB180,618, RMB30,103, RMB60,206 and RMB75,257 were contributed to the registered capital of our Company, respectively, and RMB3,698,970, RMB3,698,970, RMB2,219,382, RMB369,897, RMB739,794 and RMB924,743 were credited into our Company’s capital reserve, respectively. The consideration was determined based on arm’s length negotiation among the parties with reference to the then expected financial performance of our Company, and was fully settled on May 31, 2023. Accordingly, the registered capital of our Company was increased from RMB29,154,743 to RMB30,102,987 after completion of the capital increase. Each of Mr. Qiao Xin, Ms. Zhou Qiong, Ms. Xu Siyue, Mr. Liu Xin and Ms. Cui Yanan is an Independent Third Party, and Ms. Zhang Panpan is Mr. Liu’s sister-in-law.

The equity structure of our Company immediately following the above capital increase was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Hainan Xuding	9,432,224	31.33
Mr. Chen Junde	5,000,000	16.61
Wuxi Luanhua	4,571,467	15.19
Mr. Cai Guoming	2,915,474	9.68
Wuxi Xiyun	2,302,971	7.65
Mr. Lin Guodong	1,749,285	5.81
Mr. Liu	1,053,067	3.50
Mr. Feng	968,013	3.22
Wuxi Yuebai	599,018	1.99
Mr. Zhang	563,224	1.87
Mr. Qiao Xin	301,030	1.00
Ms. Zhang Panpan	301,030	1.00
Ms. Zhou Qiong	180,618	0.60
Ms. Cui Yanan	75,257	0.25
Mr. Liu Xin	60,206	0.20
Ms. Xu Siyue	30,103	0.10
Total	30,102,987	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(vii) Equity transfer in September 2023

On September 22, 2023, Wuxi Yuebai entered into equity transfer agreements with Mr. Qiao Xin, Ms. Zhang Panpan, Ms. Zhou Qiong, Ms. Xu Siyue, Mr. Liu Xin and Ms. Cui Yanan, respectively, pursuant to which Mr. Qiao Xin, Ms. Zhang Panpan, Ms. Zhou Qiong, Ms. Xu Siyue, Mr. Liu Xin and Ms. Cui Yanan agreed to transfer all the equity interests then held by them in our Company, representing approximately 1.00%, 1.00%, 0.60%, 0.25%, 0.20% and 0.10% of the then registered capital of our Company respectively, at nil consideration, respectively. The purpose for the transfer was part of a reorganisation as the above-mentioned individuals would like to optimize their equity holding structure in our Company.

The equity structure of our Company immediately following the above equity transfer was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Hainan Xuding	9,432,224	31.33
Mr. Chen Junde	5,000,000	16.61
Wuxi Luanhua	4,571,467	15.19
Mr. Cai Guoming	2,915,474	9.68
Wuxi Xiyun	2,302,971	7.65
Mr. Lin Guodong	1,749,285	5.81
Wuxi Yuebai	1,547,262	5.14
Mr. Liu	1,053,067	3.50
Mr. Feng	968,013	3.22
Mr. Zhang	563,224	1.87
Total	30,102,987	100.00

(viii) Capital increase in March 2024

In May 2023, our Company and Kaibo Hongcheng entered into a term sheet pursuant to which Kaibo Hongcheng preliminary agreed to invest not exceeding RMB100 million in our Company. On March 23, 2024, our Company entered into the first capital increase agreement with Kaibo Hongcheng, pursuant to which Kaibo Hongcheng agreed to invest RMB30 million in our Company, among which RMB602,060 were contributed to the registered capital of our Company and RMB29,397,940 were credited into our Company’s capital reserve. The consideration was determined based on arm’s length negotiation with reference to (i) the business development and financial performance of our Company during 2022 to 2024, and (ii) the expected industry growth. The consideration was fully settled on March 22, 2024. Accordingly, the registered capital of our Company was increased from RMB30,102,987 to RMB30,705,047 after completion of the capital increase. Please see “[REDACTED] Investments – Information about the

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED] Investors” in this section for further information of Kaibo Hongcheng. Please see “Corporate Developments – (xi) Capital increase in March 2025” for information regarding the second capital increase by Kaibo Hongcheng.

The equity structure of our Company immediately following the above capital increase was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Hainan Xuding	9,432,224	30.72
Mr. Chen Junde	5,000,000	16.28
Wuxi Luanhua	4,571,467	14.89
Mr. Cai Guoming	2,915,474	9.50
Wuxi Xiyun	2,302,971	7.50
Mr. Lin Guodong	1,749,285	5.70
Wuxi Yuebai	1,547,262	5.04
Mr. Liu	1,053,067	3.43
Mr. Feng	968,013	3.15
Kaibo Hongcheng	602,060	1.96
Mr. Zhang	563,224	1.83
Total	30,705,047	100.00

(ix) Equity transfer in December 2024

On October 29, 2024, Wuxi Jiqing entered into an equity transfer agreement with Mr. Feng, pursuant to which Mr. Feng agreed to transfer approximately 0.34% of the then equity interest in our Company to Wuxi Jiqing at the consideration of RMB527,215. The consideration was determined on an arm’s length basis with reference to the valuation report in respect of such equity interests, and was fully settled in December 2024.

Wuxi Jiqing is an employee incentive shareholding platform of our Company and was established on October 14, 2024. As of the Latest Practicable Date, Wuxi Jiqing was owned as to (i) approximately 0.09% by its sole general partner, Mr. Feng, (ii) approximately 9.72% by its limited partner, Ms. Hu, (iii) approximately 7.25% by its limited partner, Ms. Sun, and (iv) approximately 82.94% by its other 18 limited partners who are current employees of the Group, of which eight of them individually owned more than 5% but less than 10% of the partnership interests in Wuxi Jiqing and the remaining limited partners individually owned less than 5% of the partnership interests in Wuxi Jiqing. As at the Latest Practicable Date, all partnership interests in Wuxi Jiqing have been subscribed by and fully paid up by the grantees of such incentive scheme. Please see “Statutory and General Information – Employee Incentive Schemes” in Appendix VI to this document for further details of the incentive scheme.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The equity structure of our Company immediately following the above equity transfer was as follows:

Equity holders	Registered capital	Equity interest
	(RMB)	(%)
Hainan Xuding	9,432,224	30.72
Mr. Chen Junde	5,000,000	16.28
Wuxi Luanhua	4,571,467	14.89
Mr. Cai Guoming	2,915,474	9.50
Wuxi Xiyun	2,302,971	7.50
Mr. Lin Guodong	1,749,285	5.70
Wuxi Yuebai	1,547,262	5.04
Mr. Liu	1,053,067	3.43
Mr. Feng	862,570	2.81
Kaibo Hongcheng	602,060	1.96
Mr. Zhang	563,224	1.83
Wuxi Jiqing	105,443	0.34
Total	30,705,047	100.00

(x) **Conversion into a joint stock company with limited liability**

In view of the [REDACTED], pursuant to the shareholders’ resolutions on February 25, 2025 and the promoters’ agreement dated February 24, 2025 (the “**Promoters’ Agreement**”), the then Shareholders agreed to convert our Company into a joint stock limited liability company with a registered capital of RMB90,000,000. Pursuant to the Promoters’ Agreement, the net asset value of our Company as of October 31, 2024 amounted to RMB96,211,095.97, of which (i) RMB90,000,000 was converted into 90,000,000 Shares of par value of RMB1.00 each, which were subscribed by and issued to the then Shareholders in proportion to their respective equity interest in our Company; and (ii) the remaining amount of RMB6,211,095.57 was converted to the capital reserve of our Company. Upon completion of registration with Wuxi Municipal Data Bureau* (無錫市數據局) on March 6, 2025, our Company was converted into a joint stock company with limited liability and renamed as Guoxia Technology Co., Ltd.* (果下科技股份有限公司).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The shareholding structure of our Company immediately following the completion of the joint-stock reform was as follows:

Shareholders	Number of Shares	Shareholding (%)
Hainan Xuding	27,648,000	30.72
Mr. Chen Junde	14,652,000	16.28
Wuxi Luanhua	13,401,000	14.89
Mr. Cai Guoming	8,550,000	9.50
Wuxi Xiyun	6,750,000	7.50
Mr. Lin Guodong	5,130,000	5.70
Wuxi Yuebai	4,536,000	5.04
Mr. Liu	3,087,000	3.43
Mr. Feng	2,529,000	2.81
Kaibo Hongcheng	1,764,000	1.96
Mr. Zhang	1,647,000	1.83
Wuxi Jiqing	306,000	0.34
Total	90,000,000	100.00

(xi) Capital increase in March 2025

On March 28, 2025, our Company entered into the second capital increase agreement with Kaibo Hongcheng, pursuant to which Kaibo Hongcheng agreed to subscribe for 4,117,647 Shares at a consideration of RMB70,000,000, among which RMB4,117,647 were contributed to the registered capital of our Company and RMB65,882,353 were credited into our Company’s capital reserve. The consideration was determined on the same basis as the first capital increase made by Kaibo Hongcheng in March 2024. The consideration was fully settled on March 31, 2025. Accordingly, the registered capital of our Company was increased from RMB90,000,000 to RMB94,117,647 after completion of the capital increase. Please see “[REDACTED] Investments – Information about the [REDACTED] Investors” in this section for further information of Kaibo Hongcheng.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The shareholding structure of our Company immediately following the completion of the capital increase was as follows:

Shareholders	Number of Shares	Shareholding ⁽¹⁾ (%)
Hainan Xuding	27,648,000	29.38
Mr. Chen Junde	14,652,000	15.57
Wuxi Luanhua	13,401,000	14.24
Mr. Cai Guoming	8,550,000	9.08
Wuxi Xiyun	6,750,000	7.17
Kaibo Hongcheng	5,881,647	6.25
Mr. Lin Guodong	5,130,000	5.45
Wuxi Yuebai	4,536,000	4.82
Mr. Liu	3,087,000	3.28
Mr. Feng	2,529,000	2.69
Mr. Zhang	1,647,000	1.75
Wuxi Jiqing	306,000	0.33
Total	94,117,647	100.00

Note:

- The shareholding percentage in the above table may not add up to the total due to rounding.

(xii) Capital increase in April 2025

On April 16, 2025, our Company entered into an investment agreement with Shenzhen Ningqian, pursuant to which Shenzhen Ningqian agreed to subscribe for 470,588 Shares at a consideration of RMB30,000,000, among which RMB470,588 were contributed to the registered capital of our Company and RMB29,529,412 were credited into our Company’s capital reserve. The consideration was determined based on arm’s length negotiation with reference to (i) the business development and financial performance of our Company, and (ii) the expected industry growth. The consideration was fully settled on April 18, 2025. Accordingly, the registered capital of our Company was increased from RMB94,117,647 to RMB94,588,235 after completion of the capital increase. Please see “[REDACTED] Investments – Information about the [REDACTED] Investors” in this section for further information of Shenzhen Ningqian.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The shareholder structure of our Company immediately following the completion of the capital increase was as follows:

Shareholders	Number of Shares	Shareholding (%)
Hainan Xuding	27,648,000	29.23
Mr. Chen Junde	14,652,000	15.49
Wuxi Luanhua	13,401,000	14.17
Mr. Cai Guoming	8,550,000	9.04
Wuxi Xiyun	6,750,000	7.14
Kaibo Hongcheng	5,881,647	6.22
Mr. Lin Guodong	5,130,000	5.42
Wuxi Yuebai	4,536,000	4.80
Mr. Liu	3,087,000	3.26
Mr. Feng	2,529,000	2.67
Mr. Zhang	1,647,000	1.74
Shenzhen Ninqian	470,588	0.50
Wuxi Jiqing	306,000	0.32
Total	94,588,235	100.00

(xiii) Share Subdivision

As approved by our Shareholders’ general meeting on April 18, 2025, immediately upon the [REDACTED], one Share of RMB1.0 will each subdivide into five Shares of RMB[0.2] each. After the Share Subdivision, the number of our issued Shares shall become [REDACTED]. Please see “Corporate Structure – Corporate Structure Immediately Before Completion of the [REDACTED]” for details of the shareholding structure of our Company immediately before completion of the [REDACTED].

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

MAJOR SUBSIDIARIES

We had in total of 55 subsidiaries as at the Latest Practicable Date, of which we consider two of them are material to our operations. Our major subsidiaries which had made material contribution to our results of operations during the Track Record Period and up to the Latest Practicable Date are set out below.

Jiangsu Hanchu

Jiangsu Hanchu was established as a limited liability company in the PRC on January 25, 2022 with an initial registered capital of RMB10 million, and was then owned as to 51% by our Company, 36% by Mr. Guo Xuelong (郭學龍), our employee and a limited partner of Wuxi Xiyun, 10% by Ms. Han Yanyan (韓言言), an Independent Third Party, and 3% by Mr. Zhu, our executive Director. The then equity interests held by Mr. Guo Xuelong and Mr. Zhu in Jiangsu Hanchu were held on trust for our Company because we were developing our overseas business at that time, and Mr. Guo Xuelong and Mr. Zhu were responsible for our overseas sales and product development, respectively. By being an equity interest holder, it would be conducive to the business negotiations between Mr. Guo Xuelong and Mr. Zhu with potential overseas customers and in gaining their trusts and confidence. On October 28, 2022, Ms. Han Yanyan transferred her entire equity interest in Jiangsu Hanchu to Mr. Zhu at nil consideration, Mr. Zhu then held 13% of the equity interest in Jiangsu Hanchu on trust for our Company. On June 1, 2023, Mr. Guo Xuelong and Mr. Zhu transferred their 36% and 13% equity interest in Jiangsu Hanchu to our Company, respectively, at nil consideration. After the completion of the above transfers, the entrustment arrangement has been terminated and Jiangsu Hanchu has become a wholly-owned subsidiary of our Company since then. Since its establishment, Jiangsu Hanchu has been primarily engaged in export of our ESS products.

Jiuhong Liangyu

Jiuhong Liangyu was established as a limited liability company in the PRC on December 28, 2018 with an initial registered capital of RMB10 million. On August 8, 2023, our Company acquired 100% equity interest in Jiuhong Liangyu from Hubei Heshunquchang Engineering Management Co., Ltd.* (湖北合順渠暢工程管理有限公司), an Independent Third Party, at nil consideration. The consideration was determined with reference to the nil net asset value of Jiuhong Liangyu at that time. Jiuhong Liangyu has become a wholly-owned subsidiary of our Company since then. Based on the information of the Company, Jiuhong Liangyu was not engaged in any business prior to the acquisition, and it became primarily engaged in provision of EPC services after the acquisition. On October 11, 2023, the registered capital of Jiuhong Liangyu was increased from RMB10,000,000 to RMB50,000,000 due to business expansion needs.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED] INVESTMENTS

Principal terms of the [REDACTED] Investments

The following table sets forth a summary of the details of the [REDACTED] Investments:

	Equity transfers and capital increase						
	in April 2019 and January 2021	Equity transfers in June 2023	Capital Increase in June 2023	Capital Increase agreement signed in December 2022	Capital Increase agreement signed in March 2023	Capital Increase in March 2024 and March 2025	Capital Increase in April 2025
Name of the investor(s) (“[REDACTED] Investor(s)”)	Shanghai Youce ⁽⁴⁾	Mr. Zhang, Wuxi Yuebai	Hainan Xuding	Mr. Cai Guoming, Mr. Lin Guodong	Mr. Qiao Xin, Ms. Zhang Panpan, Ms. Zhou Qiong, Ms. Xu Siyue, Mr. Liu Xin and Ms. Cui Yanan ⁽⁵⁾	Kaibo Hongcheng	Shenzhen Ningsqian
Date of investment agreement(s)	(i) April 24, 2019 (ii) January 21, 2021	June 1, 2023	June 1, 2023 ⁽⁶⁾	December 22, 2022	March 28, 2023	(i) March 23, 2024 (ii) March 28, 2025	April 16, 2025
Amount of registered capital subscribed or acquired	RMB5,000,000 in aggregate	RMB1,162,242 in aggregate	RMB1,049	RMB4,664,759	RMB948,244	RMB4,719,707 in aggregate	RMB470,588
Amount of consideration involved	RMB5,000,000 ⁽⁷⁾	RMB1,162,242 ⁽⁸⁾	RMB1,049	RMB16 million	RMB12.6 million	RMB100 million in aggregate	RMB30 million
Settlement date of full consideration	November 24, 2022	October 31, 2024	October 31, 2024	July 28, 2023	May 31, 2023	(i) March 22, 2024 (ii) March 31, 2025	April 18, 2025

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity transfers and capital increase in April 2019 and January 2021	Equity transfers in June 2023	Capital Increase agreement signed in December 2022	Capital Increase agreement signed in March 2023	Capital Increase in March 2024 and March 2025	Capital Increase in April 2025
Basis of consideration	Please refer to Note (7) below.	Please refer to business and operation needs of our Company	Based on the then expected financial performance of our Company and the confidence of Mr. Cai Guoming and Mr. Lin Guodong in the industry	Based on arm's length negotiation with reference to (i) the business development and financial performance of our Company during 2022 to 2024, and (ii) the expected industry growth	Based on arm's length negotiation with reference to (i) the business development and financial performance of our Company, and (ii) the expected industry growth
Post-money valuation of our Company (approximate) ⁽¹⁾	RMB20 million	RMB24,489,984	RMB103.3 million	RMB1.6 billion	RMB6.0 billion
Cost per Share paid under the [REDACTED] Investment (approximate) ⁽²⁾	RMB0.068	RMB0.068	RMB0.234	RMB0.907	RMB12.750
Discount to the [REDACTED] (approximate) ⁽³⁾	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Lock-up period	Subject to a lock-up period of 12 months following the [REDACTED] pursuant to the PRC Company Law.				

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity transfers and capital increase		Capital Increase agreement signed in December 2022	Capital Increase agreement signed in March 2023	Capital Increase in March 2024 and March 2025	Capital Increase in April 2025
in April 2019 and January 2021	Equity transfers in June 2023	Capital Increase in June 2023			

Use of proceeds from the [REDACTED] Investments

We utilized the proceeds from the [REDACTED] Investments (other than the transfers of Shares between our Shareholders where our Group did not receive any proceeds) for the operations and general working capital purpose of our Group. As of the Latest Practicable Date, all of the proceeds from the [REDACTED] Investments was utilized.

Strategic benefits to our Company

At the time of the [REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional funds provided by the [REDACTED] Investors’ investments in our Company and the knowledge and experience of the [REDACTED] Investors. The funds have facilitated the enhancement of our production facilities thereby increasing our production capability, which could be evidenced from the increase of our revenue during the Track Record Period. Besides, we were able to purchase our factory in early 2025 which could enhance production efficiency and lower operation costs.

The [REDACTED] Investments also demonstrated the [REDACTED] Investors’ confidence in the operation and development of our Group. With the support from the [REDACTED] Investors, we were able to expand our overseas markets, which can be evidenced from an increase in revenue generated from overseas regions such as Europe and Africa during the Track Record Period.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) The post-money valuation figures equal the total consideration paid by the [REDACTED] Investors in each round divided by the shareholding percentage held by them immediately following their respective round of investment.
- (2) The cost per Share figures equals the total consideration paid by each of the [REDACTED] Investors in each round divided by the Shares it shall hold after the conversion of our Company into a joint stock company with limited liability. For comparison purposes, the cost per Share is presented with the assumption that the Share Subdivision was completed at that time.
- (3) Calculated on the basis of the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the [REDACTED].
- (4) Shanghai Youce was an investment holding platform of Mr. Chen Junde, whose equity interest in Shanghai Youce was held on trust by Shanghai Youce’s registered shareholder. Shanghai Youce transferred its entire equity interest in our Company to Mr. Chen Junde in September 2022 and it ceased to be our Shareholder. See “Corporate Developments – (ii) Equity transfer and capital increase in April 2019” and “Corporate Developments – (iv) Equity transfer in September 2022” in this section for details.
- (5) In September 2023, each of Mr. Qiao Xin, Ms. Zhang Panpan, Ms. Zhou Qiong, Ms. Xu Siyue, Mr. Liu Xin and Ms. Cui Yanan transferred his/her entire equity interest in our Company to Wuxi Yuebai and ceased to directly hold equity interest in our Company in September 2023. See “Corporate Developments – (vii) Equity transfer in September 2023” in this section for details. As of the Latest Practicable Date, each of Ms. Zhang Panpan, Ms. Zhou Qiong, Ms. Cui Yanan, Mr. Liu Xin and Ms. Xu Siyue was a limited partner of Wuxi Yuebai. See “[REDACTED] Investments – Information about the [REDACTED] Investors” in this section for details.
- (6) This is the date of the then Shareholders’ resolutions approving the increase of registered capital of the Company from RMB20 million to RMB24,489,984.
- (7) As disclosed in “Corporate Developments – (ii) Equity transfer and capital increase in April 2019” and “Corporate Developments – (iii) Equity transfer in January 2021”, only nominal amount of consideration was involved in the equity transfers and capital increase in April 2019 and January 2021. After completion of the equity transfers and capital increase in April 2019 and January 2021, the relevant registered [REDACTED] of our Company was not yet paid up, and was subsequently paid up by October 31, 2024, therefore, the consideration for the [REDACTED] investment in the above table referred to the amount of registered capital subscribed or acquired by such [REDACTED] Investor (instead of the amount of nominal consideration).
- (8) These equity transfers refer to the transfer of registered capital of RMB160,410 and RMB588,234 from Shenzhen Shangxing to Mr. Zhang and Wuxi Yuebai, respectively, and the transfer of registered capital of RMB402,814 and RMB10,784 from Hainan Xuding to Mr. Zhang and Wuxi Yuebai, respectively. As disclosed in “Corporate Developments – (v) Equity transfers and capital increase in June 2023”, nil consideration was involved in the equity transfers in June 2023. After completion of the equity transfers in June 2023, the relevant registered capital of our Company was not yet paid up, and was subsequently paid up by October 31, 2024, therefore, the consideration for the [REDACTED] investment in the above table referred to the amount of registered capital acquired by such [REDACTED] Investor (instead of the amount of nominal consideration).

Special rights of the [REDACTED] Investors

Pursuant to the respective capital increase agreements and equity transfer agreements of the [REDACTED] Investments, the [REDACTED] Investors had been granted certain customary special rights, including, among others, information rights, pre-emptive right, and preferred liquidation right. In anticipation of the [REDACTED], (i) in respect of the rights of Kaibo Hongcheng, it irrevocably and unconditionally agreed that the special rights granted to it shall be suspended from the date of the supplemental agreements and shall only be exercisable if the [REDACTED] does not take place by December 31, 2026 (the “[REDACTED]”), or if prior to the [REDACTED] Long Stop Date, when the [REDACTED] application has been rejected by the Stock Exchange or when our Company withdraws its [REDACTED] application. In case the [REDACTED] is completed on or

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

before the [REDACTED], all such special rights shall be deemed to have been terminated; (ii) in respect of the rights of the other [REDACTED] Investors, they irrevocably and unconditionally agreed that the special rights granted to them shall be terminated from the date of the supplemental agreements. The above supplemental agreements were entered into before the date of the [REDACTED] application submitted to the Stock Exchange.

Information about the [REDACTED] Investors

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

Mr. Zhang

Please see “Directors, Supervisors and Senior Management – Our Board of Directors” for Mr. Zhang’s biography.

Hainan Xuding

Hainan Xuding is an investment vehicle of Mr. Feng and Mr. Liu for the purpose of exclusively holding interests in our Company and has no operations. Please see “Directors, Supervisors and Senior Management – Our Board of Directors” for the biography of Mr. Feng and Mr. Liu.

Mr. Chen Junde

Mr. Chen Junde is a businessman and has extensive experience in the steel manufacturing industry in the PRC. Mr. Chen Junde was a work acquaintance of Mr. Feng around a decade ago. He is currently the chairman and general manager of certain steel tube companies in Jiangsu Province, the PRC. As of the Latest Practicable Date, Mr. Chen Junde has no other relationships with our Group save as being a Shareholder.

Mr. Cai Guoming

Mr. Cai Guoming has extensive experience in biotechnology industry and was an acquaintance of Mr. Feng. Mr. Cai Guoming was a seasoned investor and was interested in the new energy industry. He is currently the chairman of a biotechnology company in Guangdong Province and is mainly responsible for operations and strategic decisions of the company. Mr. Cai is an Independent Third Party.

Mr. Lin Guodong

Mr. Lin Guodong is an Independent Third Party and a family acquaintance of Mr. Feng. Based on the best knowledge of our Company, Mr. Lin Guodong has extensive work experience in the energy storage industry.

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Wuxi Yuebai

Wuxi Yuebai is a limited liability partnership established in the PRC on June 13, 2023, and is an investor shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Yuebai was owned as to (i) approximately 42.34% by its sole general partner, Ms. Xie Peilin, and (ii) approximately 19.46% by Ms. Zhang Panpan, 15.83% by Mr. Tao Wei (陶煒), 11.67% by Ms. Zhou Qiong, 4.86% by Ms. Cui Yanan, 3.89% by Mr. Liu Xin and 1.95% by Ms. Xu Siyue, respectively. Save as Ms. Zhang Panpan who is Mr. Liu’s sister-in-law, each of the other partners of Wuxi Yuebai is an Independent Third Party and they were acquaintances of our Directors. Among the partners, Ms. Cui Yanan and Ms. Xu Siyue had been working in the new energy related industry for many years, and are confident in the prospects of our Company under the leadership of our senior management.

Kaibo Hongcheng

Kaibo Hongcheng is a limited liability partnership established in the PRC on January 31, 2024, and is primarily engaged in equity investment. As of the Latest Practicable Date, Kaibo Hongcheng was owned as to (i) approximately 0.91% by its sole general partner and fund manager, Kaibo (Hubei) Private Equity Fund Management Co., Ltd.* (凱博(湖北)私募基金管理有限公司), which was ultimately controlled by Mr. Zheng Xuyi (鄭緒一), and (ii) approximately 49.55% by Changzhou Shenghai Intelligent Technology Co., Ltd.* (常州市昇海智能科技有限公司), which was wholly owned by Mr. Zhao Shengyu (趙盛宇), and approximately 49.55% by CALB Group Co., Ltd. (中創新航科技集團股份有限公司), a company listed on the Stock Exchange (stock code: 3931) with no shareholder holding more than one third of its voting rights. Each of Kaibo Hongcheng, Kaibo (Hubei) Private Equity Fund Management Co. Ltd., Changzhou Shenghai Intelligent Technology Co., Ltd., CALB Group Co., Ltd., Mr. Zheng Xuyi and Mr. Zhao Shengyu is an Independent Third Party.

Kaibo Hongcheng was introduced to our Group through CALB Group Co., Ltd. which was one of our top five suppliers and top five customers for the year ended 31 December 2023. As of the Latest Practicable Date, the total amount of investments made by Kaibo Hongcheng has exceeded RMB600 million, which cover targets including upstream and downstream companies of the new energy industry chain.

Shenzhen Ningqian

Shenzhen Ningqian is a limited liability company established in the PRC on November 13, 2015, with registered capital of RMB10 million, and is primarily engaged in equity investment. As of the Latest Practicable Date, Shenzhen Ningqian was owned as to 69% by Mr. Cui Hongbin (崔洪斌), 15% by Mr. Xue Baiqing (薛百慶), 10% by Mr. Li Shiyong (李世勇), and 6% by Ms. Hu Yanhua (胡豔華). Each of Mr. Cui Hongbin, Mr. Xue Baiqing, Mr. Li Shiyong and Ms. Hu Yanhua is an Independent Third Party.

Shenzhen Ningqian was introduced to our Group through Mr. Cui Hongbin who was acquainted with Mr. Feng in investors meetings in 2021. Shenzhen Ningqian has been conducting equity investments for around a decade and currently manages a fund of approximately RMB100 million, which conducted investments in industries such as AI equipment industries, new materials, optics and electronics, etc.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Independence of the [REDACTED] Investors

To the best knowledge of our Directors, save as disclosed above in “Information about the [REDACTED] Investors”, each of the [REDACTED] Investors and their ultimate beneficial owners is an Independent Third Party.

Sole Sponsor’s Confirmation

Under Chapter 4.2 under the [REDACTED] issued by the Stock Exchange, where any [REDACTED] investment is completed on or after the date of the first submission of the [REDACTED] application form to the Stock Exchange, the Stock Exchange will generally delay the first day of trading until 120 clear days after the completion of the last [REDACTED] investments. The consideration for the last [REDACTED] Investment was settled on April 18, 2025. On the basis that the [REDACTED] will be more than 120 clear days after the completion of all the [REDACTED] Investments, the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with Chapter 4.2 under the [REDACTED] issued by the Stock Exchange.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

[REDACTED]

According to the Listing Rules, based on the low end, mid-point and high end of the indicated [REDACTED], at least 15% of our total issued Shares must be H Shares held by the public at the time of [REDACTED]. Upon completion of the [REDACTED], assuming (i) [REDACTED] Unlisted Shares are converted into H Shares under the “full circulation” application, and (ii) the [REDACTED] is not exercised, a total of [REDACTED] H Shares will be held by our core connected persons, namely Hainan Xuding, Mr. Chen Junde, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing, which will not be counted towards the [REDACTED] upon [REDACTED]. The remaining [REDACTED] H Shares (representing approximately [REDACTED]% of our total issued Shares upon completion of the [REDACTED]) will be held by the [REDACTED], and will be counted towards the [REDACTED] upon [REDACTED]. In view of the above, our Company complies with the applicable [REDACTED] threshold pursuant to Chapter 3.6 under the [REDACTED] issued by the Stock Exchange. Based on the low end of the [REDACTED] of HK\$[REDACTED] per H Share, our Company is expected to satisfy the free float requirement under Rule 19A.13C(1)(b) of the Listing Rules.

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CAPITALIZATION

The table below sets out the capitalization of our Company as of the date of this document and immediately upon completion of the Share Subdivision and the [REDACTED].

Name of Shareholders	As of the date of this document		Immediately upon completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised)		
	Number of Shares	Approximate percentage of shareholding in the total share capital of our Company (%)	Number of Unlisted Shares	Number of H Shares	Approximate percentage of shareholding in aggregate in the total share capital of our Company (%)
Hainan Xuding	[27,648,000]	[29.23]%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Chen Junde	[14,652,000]	[15.49]%	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Luanhua	[13,401,000]	[14.17]%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Cai Guoming	[8,550,000]	[9.04]%	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Xiyun	[6,750,000]	[7.14]%	[REDACTED]	[REDACTED]	[REDACTED]
Kaibo Hongcheng	[5,881,647]	[6.22]%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Lin Guodong	[5,130,000]	[5.42]%	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Yuebai	[4,536,000]	[4.80]%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu	[3,087,000]	[3.26]%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Feng	[2,529,000]	[2.67]%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang	[1,647,000]	[1.74]%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Ningqian	[470,588]	[0.50]%	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Jiqing	[306,000]	[0.32]%	[REDACTED]	[REDACTED]	[REDACTED]
Other Shareholders participating in the [REDACTED]	—	—	[REDACTED]	[REDACTED]	[REDACTED]
Total	[94,588,235]	100.00%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

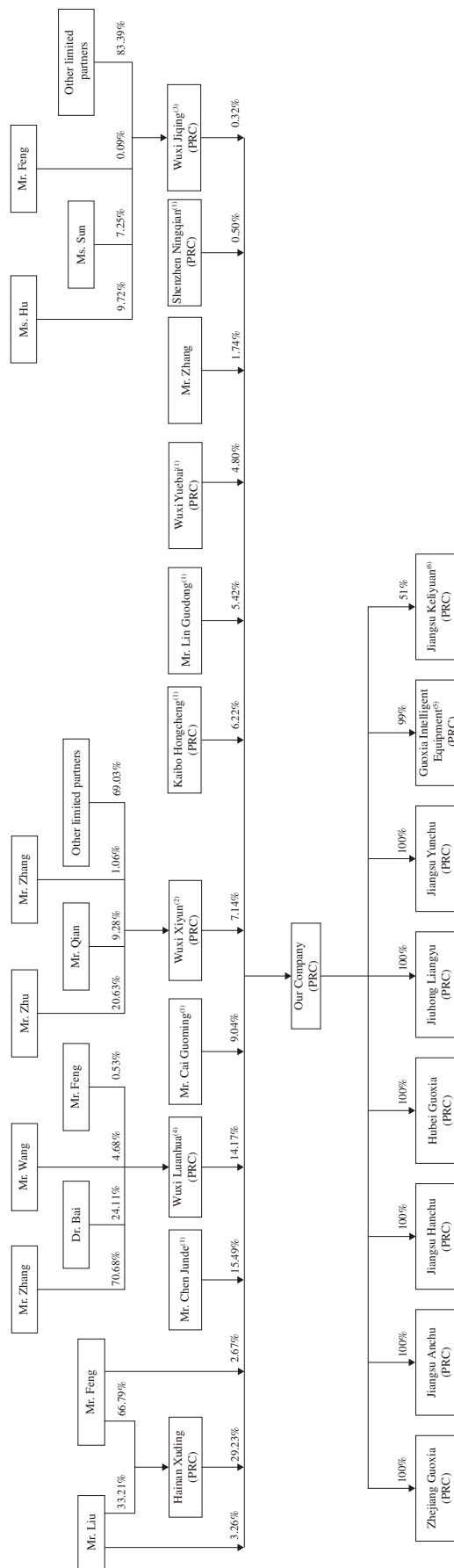
- (1) These H Shares are counted towards [REDACTED] upon [REDACTED].
- (2) Any discrepancies between totals and sums of the percentage figures listed herein are due to rounding adjustments.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure Immediately Before Completion of the [REDACTED]

The following chart sets forth a simplified corporate structure of our Group immediately prior to completion of the Share Subdivision and the [REDACTED]:



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

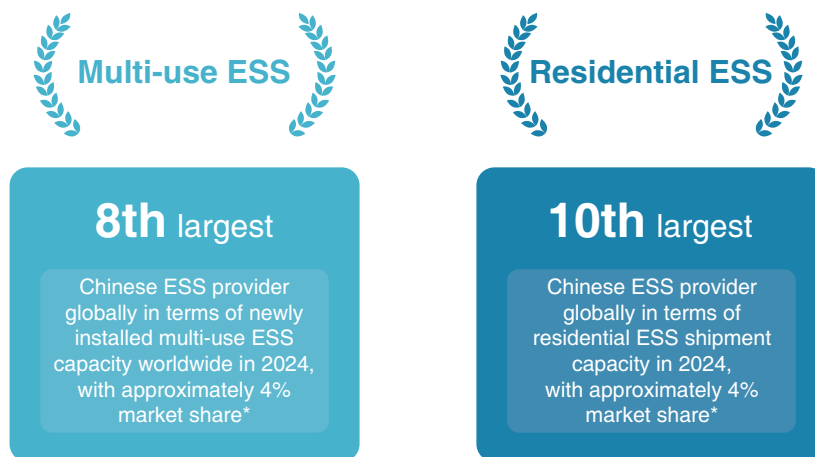
Notes:

- (1) Each of Mr. Chen Junde, Mr. Cai Guoming, Mr. Lin Guodong, Wuxi Yuebai, Kaibo Hongcheng and Shenzhen Ningqian is a [REDACTED] investor. Please see “[REDACTED] Investments – Information about the [REDACTED] Investors” in this section for details.
- (2) Wuxi Xiyun is a core employee incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Xiyun was owned as to (i) approximately 1.06% by its sole general partner, Mr. Zhang, (ii) approximately 37.13% by its limited partner, Mr. Guo Xuelong, (iii) approximately 20.63% by its limited partner, Mr. Zhu, (iv) approximately 9.28% by its limited partner, Mr. Qian, and (v) approximately 31.9% by its other three limited partners, none of which individually owned more than 30% of the partnership interests in Wuxi Xiyun.
- (3) Wuxi Jiqing is an employee incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Jiqing was owned as to (i) approximately 0.09% by its sole general partner, Mr. Feng, (ii) approximately 9.72% by its limited partner, Ms. Hu, (iii) approximately 7.25% by its limited partner, Ms. Sun, and (iv) approximately 82.94% by its other 18 limited partners, none of them individually owned more than 30% of the partnership interests in Wuxi Jiqing.
- (4) Wuxi Luanhua is a senior management incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Luanhua was owned as to (i) approximately 0.54% by its sole general partner, Mr. Feng, and (ii) approximately 70.68%, 24.11% and 4.68% by Mr. Zhang, Dr. Bai and Mr. Wang, respectively.
- (5) As of the Latest Practicable Date, the remaining 1% equity interest in Guoxia Intelligent Equipment was held by Mr. Chen Siyu. To the best knowledge of our Directors, save as being an employee, a technical director of domestic business unit, a manager of structural design department of domestic business unit of our Company and a limited partner of Wuxi Jiqing, Mr. Chen Siyu is not otherwise connected with our Group or its connected persons.
- (6) As of the Latest Practicable Date, the remaining 49% equity interest in Jiangsu Keguo was held by Fengchu Energy Holdings (Shenzhen) Co., Ltd.* (鳳儲能源控股(深圳)有限公司). As of the Latest Practicable Date, Fengchu Energy Holdings (Shenzhen) Co., Ltd. was wholly owned by Ruosheng Technology (Wuxi) Co., Ltd* (若生科技(無錫)有限公司), which was owned as to approximately 99% by Mr. Huang Sibao and 1% by Ms. Zhu Xuhui. To the best knowledge of our Directors, Mr. Huang Sibao and Ms. Zhu Xuhui are Independent Third Parties.
- (7) The shareholding percentage of our Company held by the Shareholders may not add up to 100% due to rounding.

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WHO WE ARE

We are a renewable energy solutions and products providers based on platform technology and driven by AI in the energy storage industry in the PRC. We specialize in the R&D and provision of ESS solutions and products to our customers and the end users. Our ESS solutions and products serve and are capable of serving diverse applications across large-scale power side and grid-side, commercial and industrial and residential scenarios in both the PRC market and overseas markets. We are dedicated to the energy storage sector and implemented a globalization strategy. According to CIC, we were among the early participants in the industry to achieve Internet cloud integration for ESS solutions and/or products and develop a full-scenario Internet cloud platform for digitalized energy management.



Note *: According to CIC.

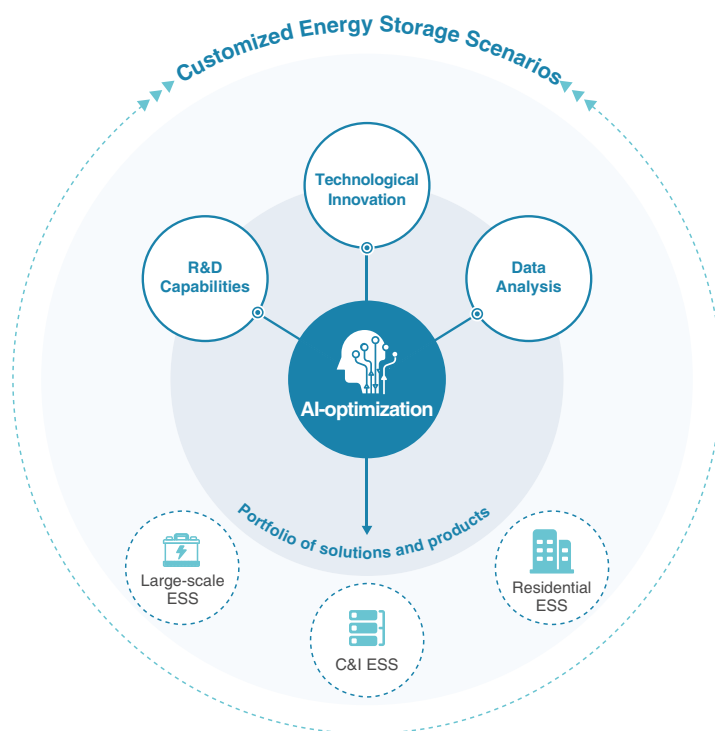
OUR DIFFERENTIATED DEVELOPMENT PATH

According to CIC, the renewable energy industry, particularly the energy storage sector, is experiencing rapid growth and presents significant opportunities globally. There is increasing demand for relevant high-quality and high-performance solutions and products to meet the needs and requirements of the customers and the end users. Benefiting from our experience in the industry, market knowledge, and early presence, we have successfully navigated the fluctuations of industry cycles, including rapid development periods and fierce competitions, while maintaining strong overall competitiveness and a differentiated competitive strength.

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AI plays a core role in our technological edge, primarily enabling us to optimize energy management, improve the efficiency and accuracy of decision-making, and deliver smart and effective solutions through approaches, including but not limited to Internet. See “Our Competitive Strengths” in this section for further details.

Our differentiated development path is built upon our strong R&D capabilities, focusing on constructing a fully integrated portfolio of solutions and products tailored for specific energy storage scenarios. We are committed to addressing the technological gaps faced by our customers and/or the end users with systematic solutions and through approaches, including but not limited to Internet.

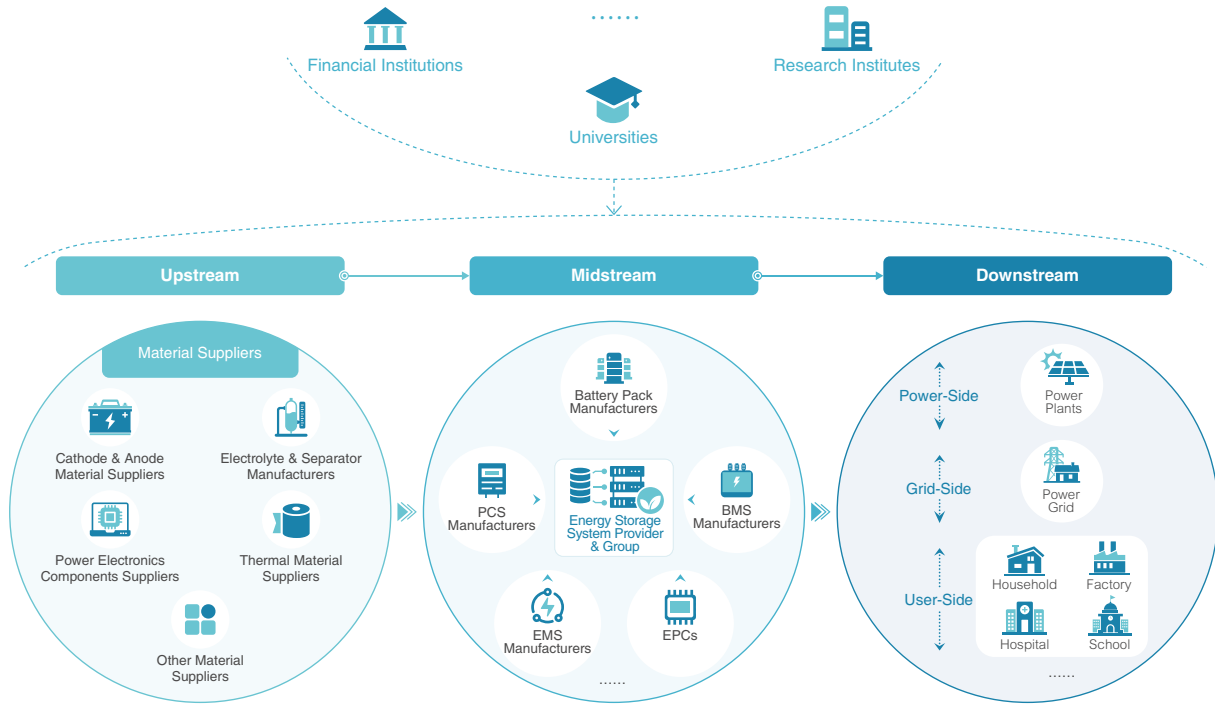


Our Differentiated Development Path

OUR VALUE PROPOSITION

Positioning in the midstream of the entire business chain of energy storage industry, we provide products and/or solutions that support the participants in the corresponding ecosystem. The following sets forth the entire business chain of the industry and the key entities benefiting from our business and the value propositions we offer them:

BUSINESS



- Support for the User-Side of the downstream participants:** We are able to help them effectively achieve: (i) self-generation of electricity and reduction of dependence on the grid; (ii) efficient electricity cost management; (iii) optimization of peak and off-peak price differences; and (iv) enhanced stability of electricity usage and supply;
- Support for the Grid-Side of the downstream participants:** We are able to help them effectively achieve: (i) alleviation of grid congestion; and (ii) improvement in capacity expansion and upgrades;
- Support for the Power-Side of the downstream participants:** We are able to help them effectively achieve: (i) peak shaving of electricity supply; (ii) system frequency supervision and monitoring; (iii) auxiliary dynamic operations; and (iv) energy grid integration;
- Support for midstream participants:** We are able to help them effectively achieve: (i) the precise entry of their relevant products into the target markets; (ii) the implementation of related integration services, operation and maintenance, effectively connecting with the end users; and (iii) cost reduction and better synergy through our platform’s empowerment, enhancing their competitive strengths; and

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- ***Support for upstream participants:*** We are able to help them effectively achieve: (i) the precise entry of their relevant products into the target markets; (ii) avoid fierce competition due to product homogenization, enhancing differentiated competitive strengths; and (iii) promotion of product and/or technological innovation based on our feedback and/or joint R&D, thereby driving industry iteration and upgrading.

Besides the abovementioned, we continuously enhance the renewable energy ecosystem through various means, such as by participating in the establishment of the “large-scale energy storage ecosystem innovation alliance (大儲能生態創新聯合體)” and establishing stable partnerships with relevant universities and research institutions. These allow us to connect and integrate the upstream, midstream and downstream of the business chain to achieve mutual benefit and win-win outcomes. We believe that, supported by the strong backing of ecosystem and its empowerment, we are able to leverage the relevant resources and advantages we have acquired to drive the continuous development of our overall business and ensure the comprehensive realization of our future development strategies.

OUR COMPETITIVE STRENGTHS

AI-driven innovation and empowerment in the renewable energy ecosystem.

According to the CIC Report, we are recognized as one of the innovators in the energy storage industry, with AI technology playing a core role in driving our business. Our AI capabilities are positioned among the most advanced industry players in the industry, enabling us to enhance our ESS solutions and achieve superior performance and efficiency across our product offerings. We are the first solution provider who developed IoT platform specifically for the industry where we operate and the first solution provider to develop an energy storage industry model based on AI technology according to the same source.

Our AI capabilities enable us to deliver efficient, scalable and intelligent solutions to our customers and/or the end users. We have developed AI-optimized systems and tools that enhance real-time energy optimization, predictive maintenance and decision-making processes. Our key AI-optimized energy Internet-based platform systems, which primarily include Safe ESS and Hanchu iESS, with the functions of energy management and predictive analytics, allow us to optimize energy storage strategies for our customers and the end users, and monitor system stability and forecast future energy needs with precision in an efficient and cost-effective way. See “– Information Technology” and “– Our Products and Solutions” in this section for details.

By incorporating AI technology into our solutions and products, we optimize energy storage and enable a diverse range of participants across the renewable energy ecosystem, such as User-Side, Grid-Side and Power-Side, to effectively manage energy consumption and their own business. Through the application of AI technology, we provide customized solutions that reduce costs, increase system reliability and enable integration with renewable energy sources and the broader grid, creating more value across the renewable energy ecosystem.

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Capability for delivering AI-optimized ESS solutions and products for all-round energy usage scenarios.

As a platform-featured, Internet-enabled and AI-optimized energy solutions and products providers in the energy storage industry in the PRC, we have successfully navigated the fluctuations of industry cycles, while maintaining overall strong competitiveness and a differentiated strength. We have experienced the rapid growth phase of the energy storage industry from 2020 to 2024, of which the year-on-year growth rate of global newly installed ESS capacity in 2022, 2023 and 2024 was 83.6%, 130.0% and 93.5%, respectively, and successfully weathered the intensified competition phase from 2023 to 2024.

We are able to build an integrated solutions and products portfolio centered around energy usage scenarios, dedicated to addressing the needs of our customers and the end users related to the lack of systematic energy storage solutions. According to the CIC Report, this differentiates us from our competitors and lays a solid foundation for us to closely follow industry trends, meet the continuously emerging new demands in this sector and seize potential business opportunities. Additionally, our ability to process data from every segment of the industry chain enables us to conduct more comprehensive and macro-level analyses.

Leveraging on our extensive experience in the energy storage sector and our precise grasp of industry trends, we have proactively expanded our business into both PRC market and overseas markets. Recognizing the distinct characteristics of each local market where we operate, we have adopted tailored business models. This strategic approach enables us to effectively mitigate potential industry risks by leveraging on the differences between the two markets, thereby enhancing our overall risk resilience and strengthening the sustainable development of our business. Additionally, benefitted from our dual presence in both PRC market and overseas markets, we are able to (i) fully utilize the mature supply chain system in the PRC market to reduce costs, while capitalizing on the relatively higher gross profit margins in overseas markets, particularly in Europe and Africa; and (ii) explore diverse energy usage scenarios, driving the development of our solutions and products.

Addressing the needs of our customers and the end users with strong R&D capabilities.

As of the Latest Practicable Date, we have established a R&D team comprising 122 technical experts. Our team maintains close collaborations with external universities and research institutions, including Shanghai Jiao Tong University and Jiangnan University. Building on these partnerships, we have developed a stable R&D and communication mechanism focused on exploring and researching cutting-edge technological advancements in the industry. For example, in collaboration with Shanghai Jiao Tong University, we established a joint R&D center for thermal management for energy storage. Starting from the upstream material level of the industry chain, this center defines and researches thermal dissipation and temperature control technologies for ESS products. It has already delivered a liquid cooling plate technology solution characterized by high structural strength, superior thermal efficiency and controllable costs, which is aimed to enhance product safety and elevating temperature control standards.

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Through active communication and collaboration with industry peers, universities and research institutions, we continuously optimize our production processes, solutions and products, and promote our innovation and progress. According to the CIC Report, we are among the early participants in the industry to achieve the scaling and commercialization of an AI and internet-based platform in residential energy storage scenarios. By employing this AI platform, we significantly reduce equipment repair demands, lower operational and maintenance costs, and improve device efficiency and user experience. This large-scale application capability has established a distinct competitive strength for us in the industry.

During the Track Record Period, our R&D expenses accounted for 2.7%, 5.3%, 3.1% and 2.4% of our total revenue, respectively. We protect our technological achievements and core technologies through patents and other viable means. As of the Latest Practicable Date, we hold a total of 17 invention patents and 17 utility model patents. See “– Intellectual Property” in this section for details. As of the Latest Practicable Date, we have been recognized as a “National High-Tech Enterprise” (國家級“高新技術企業”); a “Jiangsu Provincial Gazelle Enterprise (Technology-Based Enterprise) (江蘇省“瞪羚企業”) and an Innovative Small and Medium-size Enterprise (創新型中小企業); and a Shanghai Municipal (Provincial-Level) Specialized, Sophisticated, and Innovative Small and Medium-Size enterprise (上海市(省級)“專精特新中小企業”). These accolades affirm our strong R&D capabilities and innovative prowess.

Our R&D capabilities are the core element for building a fully fusion solutions and products portfolio centered around energy usage scenarios. Our solutions and products cover a wide range of energy storage scenarios, including energy storage scenarios with respect to Power-Side, Grid-Side and User-Side. See “– Our Solutions and Products” in the section for details.

Our strong R&D capabilities enable us to equip our ESS products with unique features and selling points, enhancing their overall competitiveness, brand image and market influence, allowing us to stand out in a highly competitive market.

High-quality global customer base and sophisticated supply chain

Stable and diversified customer base

We have established a diversified customer base, and our major customers belong to the following sectors: civilian consumption, C&I applications and public utilities, mainly including power and energy, and government-related sectors. As of the Latest Practicable Date, we have a total of 115 customers, of which 90 customers are in the PRC market and 25 customers are in the overseas markets.

According to the CIC Report, our customers and the end users, including our distributors, for ESS solutions and products in the overseas markets, have high requirements on the quality and performance of the solutions and products they procure, and usually set up stringent barriers to entry and quality control mechanisms for their own suppliers. As a result, such customers and the end users, including our distributors in the overseas markets, rarely make material changes or replacements once the relevant suppliers have satisfied the quality and performance requirements of the solutions and products of such customers and the end users. We believe that our excellent relationship with our customers and the end users stems primarily from their satisfaction with the AI-optimized Internet-based ESS solutions and

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products and platform-featured maintenance and operation services provided by us. We also believe that such excellent relationships, as well as our local reputation, would be beneficial for further expanding our customer base in the PRC market and the overseas markets.

In addition to the stable win-win relationship we have established with our customers, along with our continuous efforts to strengthen our brand over the years, our brand “Hanchu” represents superior reliability and continuous innovation to our customers in the PRC market and the overseas markets, enabling us to maintain a strong customer base and corresponding market share. We believe that our customers view us as one of the leaders in the industry and have full confidence in our solutions and products.

Stable, reliable and cost-effective supply chain

A stable, reliable and cost-efficient supply chain is critical to our success. According to the CIC Report, regarding the major products we manufacture, which primarily include energy storage cabinets, energy storage containers, inverters, bi-directional AC/DC converters and DC outdoor cabinet systems, the materials and components costs accounts for at least approximately 80.0% of our total production costs. Based on our market position in the industry, good reputation and good relationship with our suppliers, we are able to obtain stable, reliable and cost efficient materials and components. In addition, we have entered into strategic cooperation agreement with CALB Group Co., Ltd., our key battery cell supplier, to further strengthen and consolidate our partnership, ensuring a stable and reliable supply of materials and components to support our business operations and growth. See “Business – Supply Chain and Suppliers” in this section for details.

Our good partnership with our suppliers not only forms an important cornerstone of our success, but also provides us with indispensable elements to improve the renewable energy ecosystem and helps us enhance our overall competitiveness from the perspective of vertical integration of the industry chain. Meanwhile, the results of our excellent supply chain system and management are also reflected in our good financial performance. During the Track Record Period, our gross profit margins were 25.1%, 26.7%, 15.1% and 12.5%, and our inventory turnover days were 60.6, 121.0, 49.5 days and 62.2 days, respectively. Our inventory turnover days were better than the industry average for the same periods according to the CIC Report. See “Financial Information” in this document for details.

Intelligently and flexibly produce high-performance products on a large scale.

We use intelligent control systems to automate the collection and analysis of data on materials and components, equipment, personnel, logistics and production environment throughout the entire production process in order to continuously improve our production efficiency and reduce our production costs. In particular, we utilize intelligent control systems to achieve relatively automated process path selection, product compliance verification and removal of defective products throughout the production lines. In addition, in conjunction with big data analytics, Internet connectivity, visualization intelligence and other technologies, we have achieved intelligent diagnostics and real-time visibility of our production lines. All production data has been uploaded to our internal system and analyzed in conjunction with delivery and after-sales data generated during our operations to achieve traceability and to maximize the use of relevant data. Through the optimization and improvement of production equipment, production processes and production line planning, we are able to achieve the goal of reducing production costs in the process of large-scale production.

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On one hand, the production platform we run with the support of intelligent technology has maintained large-scale production ability. During the Track Record Period, the maximum production capacity of our relevant production lines reached 2.0 GWh of large-scale ESS products and C&I ESS products per year and 100,000 units of residential ESS products per year. The average utilization rate of all our relevant production lines has already exceeded 100.0% during the Track Record Period. On the other hand, we have been able to maintain good stability for project production, with a relatively low defect rate for our products during the Track Record Period. Another strength of our intelligent large-scale production capacity is that our production management is able to maintain perfect coordination between “production” and “sales”, enabling us to respond well to changes in the market and customers’ needs. Through our AI-optimized systems and tools, we are able to materialize the main functions of pre-sales consultancy support, after-sales question-and-answer and knowledge base self-directed learning, to achieve the main purposes of shortening the response time to our customers, reducing personnel costs and improving our service quality.

Our production lines are also designed to be flexible enough to be converted for the production of different types of products, including energy storage cabinets, energy storage containers, inverters, bi-directional AC/DC converters and DC outdoor cabinet systems at a relatively low cost and in a relatively short period of time. We have the ability to develop production facilities and/or equipment independently, and we are able to work with suppliers of production facilities and/or equipment to develop and build production lines with customized attributes. The time required for our production lines to switch from the production of one product to another within the same type of large-scale ESS product/C&I ESS product is approximately two hours; and the time required for our production lines to switch between large-scale ESS product and C&I ESS product is approximately eight hours. According to the CIC Report, such switching times are relatively short and are considered competitive in the industry. Also, as of the Latest Practicable Date, we have achieved an average networking installation time of less than eight seconds for a single device and less than five minutes for system upgrades, all of which surpasses the industry average level according to the CIC Report. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any disruptions in our production due to unforeseen reasons, which have affected our delivery to our customers.

Experienced, visionary and committed management team.

We have an experienced, visionary and dedicated management team. Our founder and Chairman of our Board, Mr. Feng Lizheng, has extensive experience in the energy storage sector and a global vision. Mr. Feng’s forward-looking strategic decisions have always driven our Group’s continuous innovation and development. Our co-founder and general manager, Mr. Zhang Xi, has initiated and participated in the founding of a number of domestic energy storage enterprises and is one of the first domestic entrepreneurs in the energy storage industry in China. Our co-founder and executive vice general manager, Mr. Liu Ziyue, previously worked at several energy technology companies, such as York (Wuxi) Air Conditioning and Refrigeration Co., Ltd.* (約克(無錫)空調冷凍設備有限公司), and Beijing Yunwai New Energy Technology Co., Ltd.* (北京雲外新能源科技有限責任公司) and held various positions such as supplier quality engineer, deputy general manager and project director. Mr. Liu is an expert of the Jiangsu Province Energy Storage Industry Association’s expert pool* (江蘇省儲能行業協會專家庫專家) and has extensive

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experience in the development of a full range of storage and charging products and sales channels as well as business management and project management. Our chief engineer, Dr. Bai Yang, holds a master’s degree in automotive and motorsports engineering and a Ph.D. in mechanical engineering at Brunel University in the United Kingdom. Dr. Bai previously worked at BAIC Motor Powertrain Co., Ltd. (北京汽車動力總成有限公司), Shanghai Yushuo Energy Technology Co., Ltd. (上海譽碩能源科技有限公司) and Jiangsu Baohang Energy Technology Co., Ltd.* (江蘇寶航能源技術有限公司) and held various positions such as electric control calibration engineer, chief engineer and deputy general manager. Dr. Bai has extensive R&D and operational experience in the new energy sector. Majority of the members of our senior management team have been with our Group since its establishment, and the entire management team has effective management collaboration and a unified vision for the business development strategy.

Our management team is committed to our Group and has clear business development objectives, focusing on our core products and/or services and our core competitive strengths. Based on our extensive experience in the energy storage sector and deep knowledge of industry cycles, our management team has led our Group through cycles on multiple occasions. For example, in 2022 and 2023, when competition in foreign energy storage markets, especially in Europe and Africa, were particularly intense, our management team did not lead our Group to blindly enter into homogeneous competition with our competitors. On the contrary, we focused on our R&D, core product development and capturing energy usage scenarios, maintained stable and long-term partnerships with “key players in the upstream, midstream and downstream of the industry chain”, and adopted a business model featuring project development, which in turn, led to the provision of integrated energy solutions that enabled us to stand out in the market competition and maintain strong profitability, and fully demonstrates our resilience in market competition and the management wisdom of our management team.

Under the strategic direction set by our management team, and benefiting from our ability to view industry developments from a multi-dimensional and multi-disciplinary perspective, we have developed into a platform-featured technology service provider capable of delivering integrated AI-optimized energy solutions for all-round energy scenarios, and have established a global business presence. Our strategic focus allows us to utilize AI and smart technologies and actively seize growth and development opportunities in the industry.

OUR DEVELOPMENT STRATEGIES

Advance our AI Capabilities to Drive the Innovation.

We intend to continuously strengthen our AI-optimized solutions by enhancing our current AI-powered systems and tools, while also developing new AI applications to meet evolving energy management needs of our customers and the end users. We are committed to addressing the growing demands for more intelligent and efficient ESS solutions and products by integrating advanced AI and Internet technology into our full-spectrum operations.

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- ***Strengthening Our Existing AI Technologies:*** We will enhance our existing AI technologies, such as energy management systems and predictive maintenance tools, by making full use of Internet technology, to ensure better efficiency, decision-making and scalability, including but not limited to combining multiple types of devices and strengthening the interactivity between them. These improvements will enable us to optimize energy storage strategies, boost system reliability and reduce operational costs. The following sets forth the major aims of our strengthening plan:
 - ***Enhancing Intelligent Operations and Maintenance:*** AI-optimized fault detection and predictive maintenance will enable early anomaly detection and proactive intervention, reducing the need for manual troubleshooting and minimizing downtime. Through full cloud and Internet integration, our AI-optimized platform will be able to conduct remote diagnostics and self-adjust operational parameters, improving overall system stability and operational efficiency.
 - ***Optimizing AI-optimized Scheduling:*** Our AI-optimized platform will further refine real-time charging and discharging strategies by integrating electricity price fluctuations, load forecasts and battery health data. These enhancements will allow for minute-level dynamic adjustments, maximizing profitability while extending battery lifespan and optimizing the users’ long-term economic returns.
 - ***Upgrading Safety Mechanisms:*** By leveraging on battery physics modeling and real-time monitoring, our AI-optimized platform will be able to detect potential risks earlier and trigger active defense measures within milliseconds, ensuring the safe and reliable operation of our ESS solutions and products.
 - ***Achieving Full-Link Data Integration for Precise Forecasting and Optimization:*** Our AI-optimized platform will unify 3S data while incorporating grid load, electricity pricing and weather conditions to enable more accurate energy forecasting and adaptive storage dispatching, improving market adaptability and response efficiency.
- ***Developing New AI technologies:*** In addition to refining our current AI technologies, we will focus on creating new AI-powered systems and tools to tackle emerging challenges in the energy storage industry. These innovations will include advanced predictive analytics, automated energy optimization and AI integration into new Internet-based applications, enabling us to serve a broader range of needs of our customers and the end users. The following sets forth the major aims of our development plan:
 - ***AI Edge Model Deployment:*** We aim to accelerate the implementation of lightweight AI models that can run locally on ESS products. These models will enable intelligent forecasting, optimized scheduling and self-learning capabilities, allowing ESS products to operate independently even in offline environments.

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- ***Custom AI Chips for Enhanced Edge Computing:*** We plan to develop specialized AI chips, with commercial reasonable cost, optimized for energy storage, enabling millisecond-level decision-making at the edge. These chips will improve local computational efficiency, reduce energy consumption and lower hardware costs. These chips can also be used in scenarios such as robots and smart devices to build an intelligent energy body with dynamic sensing (動態感知) and security protection capabilities.
- ***Open-Access AI Models for Industry-Wide Integration:*** We will make our vertical AI models accessible to ESS products manufacturers, energy management platforms and electricity trading systems, enabling them to leverage on AI technology for intelligent dispatching, precise forecasting and automated optimization. This will accelerate digital transformation across the industry and unlock new business models driven by AI-powered energy management.
- ***Energy Intelligent Robotics Systems:*** We plan to develop AI-optimized robots specifically designed for ESS, equipped with autonomous inspection, anomaly detection, remote collaboration and edge-intelligence decision-making capabilities. The systems will be applied in the residential and C&I energy storage scenarios, effectively reducing labor maintenance costs, enhancing safety, and improving operational efficiency. To address the potential risks of robot autonomy and ensure their safe and controllable operation, we are committed to leveraging innovative energy storage technologies to fundamentally restrict robotic behavior, guaranteeing absolute human control.
- ***Strategic Partnerships and Ecosystem Expansion:*** We will seek strategic partnerships with AI technology providers, universities and research institutions, and other industry stakeholders to accelerate the development of our AI solutions and products. These collaborations will allow us to expand and upgrade the ecosystem where we operate, helping us stay at the forefront of AI-optimized and Internet-based energy storage technologies.

We expect to enhance our existing AI technologies and deploy lightweight AI edge models by late 2025, advance custom AI chips and open-access AI models between 2026 and 2027, and develop AI robotics systems from 2027 onwards. We intend to use HK\$[REDACTED] million, approximately [REDACTED]% of the [REDACTED] of the [REDACTED], for strengthening our AI R&D capabilities. Please see “Future Plans and Use of [REDACTED]” in this document for further details. These initiatives will enable us to continue delivering innovative solutions, keeping us ahead of industry trends.

Strengthen our capability to cope with the integration of energy-consumption scenarios.

We intend to further leverage on our core strengths, continue to explore and integrate the energy consumption scenarios, further explore the needs of our customers and the end users, and build our portfolio of solutions and products, together with corresponding software, including but not limited to Internet software, and/or hardware to satisfy their needs. At the same time, we will actively enhance our R&D to improve the overall operational efficiency and reduce the risk of product concentration.

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Our strategy to further build and improve our solutions and products portfolio will be based on the full application of AI technologies and our AI-optimized platform. We intend to strengthen our investment in R&D in the following aspects of our platform and establish new R&D laboratories in Wuxi, Jiangsu Province, the PRC, in order to maintain and continuously enhance our core competitiveness in the relevant areas:

- ***Further enhance the development of energy storage EMS dispatch module and unattended O&M module:*** We plan to enhance our ability to help relevant energy storage power stations to increase operating revenues, reduce O&M costs and enhance security level of our solutions and products, and to improve the competitiveness of the integrated ESS solutions we provide by further enhancing our investment in the development of energy storage EMS dispatch module and unattended O&M module.
- ***Further strengthen the R&D of 3S integrated cluster control inverter products:*** We plan to optimize the functions of pre-charging, protection and insulation monitoring by reducing duplicated components and eliminating sub-systems such as high-voltage boxes, adopt integrated thermal management and advanced packaging technologies to reduce the failure rate of components to ensure the safe, stable and highly efficient operation of our ESS solutions and products.
- ***Develop next-generation energy storage battery and energy storage inverter:*** We intend to develop next-generation energy storage battery by adopting advanced battery cell technology solution to improve the electricity capacity of our ESS solutions and products, reduce the corresponding installation costs and ensure relatively long-term safe and stable operation of our ESS solutions and products. In addition, we plan to use new device and optimized technology to increase the conversion efficiency of the energy storage inverter and reduce the power loss during the conversion process.
- ***Further improve system development and testing capability:*** We plan to further improve our testing capability in the testing of the whole system of optical storage charging and heating, energy storage battery and energy storage inverter by setting up laboratory for simulating the year-round operating conditions of relevant systems under different climate zones, so as to lay a good foundation for our corresponding R&D work.
- ***Further strengthen the relevant certification process and ensure the compliance of our products with the relevant international standards:*** (i) We plan to recruit senior certification experts and set up a professional certification team to interpret international mainstream technical standards such as UL, CE and IEC in depth. We intend to establish strategic cooperation with international authoritative certification organizations to carry out eyewitness testing cooperation projects to shorten the certification cycle and assist our products to rapidly expand in the overseas markets; and (ii) we will continue to closely track the update of international standards, carry out advanced research of standards corresponding to new technologies and prepare for the international standards in order to enhance the discourse in the development of international standards and grasp the initiative of market competition.

BUSINESS

- ***Further enhance the development of our Hanchu iESS:*** We plan to focus on increasing the level of automation and intelligence of Hanchu iESS, including but not limited to improving fault prediction accuracy, reducing O&M costs, application of multi-model interaction system supporting voice and gesture and digital promotion and marketing capabilities based on Internet technology, to further enhance the user experience of our customers and the end users.

We expect to upgrade our EMS dispatch and unattended O&M modules and commence laboratory establishment by 2026, complete next-generation battery and inverter development and certification between 2026 and 2027, and enhance iESS automation and international compliance from 2027 onwards. We intend to use HK\$[REDACTED], approximately [REDACTED]% of the [REDACTED] of the [REDACTED], together with our cash on hand and cash generated from the operations, for strengthening our R&D efforts with focus on enhancement of our business both in the PRC market and the overseas markets. Please see “Future Plans and Use of [REDACTED]” in this document for further details.

Strengthen our capability based on integration of the industry chain.

Strengthening integration of the industry chain to enhance our flexibility in responding to changes in the industry cycle and avoid fierce competition due to product homogenization. By adopting a comprehensive approach, we are able to resist risks and further enhance our competitiveness, ensuring that we are well-positioned to navigate market fluctuations and capitalize on growth opportunities.

We have participated in the establishment of the “Large Energy Storage Ecological Innovation Consortium”* (“大儲能生態創新聯合體”), linking upstream, which primarily include materials and components suppliers for manufacturing ESS products, and downstream, which primarily include large energy consumption enterprises in the PRC. This collaboration aims to address the challenges currently faced by the industry and support its sustainable development.

Under the current context of establishment of the “Large Energy Storage Ecological Innovation Consortium”, firstly, we participated in the establishment of the “National Engineering Research Center for Advanced Energy Storage Materials”* (先進儲能材料國家工程研究中心), aiming at the establishment of a long-term platform for the connection of the industry and talents, in order to serve the whole industry chain and promote technological innovation. Secondly, we overcome the existing barriers between the industry and financial resources and thus establishing an effective linkage between the two fields. With the current support from the upstream and downstream participants of the industry chain, we are able to realize the business expansion in project development, investment, construction, operation and asset planning. Lastly, it is conducive to the construction of an industrial closed loop, realizing the purpose of resource circulation, profit recovery and value flow.

We will continuously strengthen our ability to provide solutions and products based on integration of the industry chain, in particular, market development based on strategic collaboration, joint exploration of new energy-consumption scenarios and the application and promotion of new technologies, solutions and products.

BUSINESS

Business model innovation centering around diversified energy usage scenarios.

We are keenly aware of the following major trends in the industry, in particular for the overseas energy storage sector, which primarily include (i) multi-use ESS products are increasingly utilized across large-scale and C&I sectors to improve efficiency and energy security; (ii) there are more business opportunities in relation to infrastructure network construction in recent years; (iii) there are more diverse business models of ESS operation in the industry; and (iv) increasing digitalization, Internet connectivity and AI penetration rate within the industry, enabling smart energy management, predictive analytics and real-time optimization of ESS solutions and products.

We will keep abreast of the latest trends in the aforementioned fields and continue to innovate our business model by proactively promoting our solutions and products to develop new energy usage scenarios for our potential customers and new demands based on the construction of infrastructure networks. Leveraging on the competitiveness of our solutions and products and strong brand recognition, we intend to expand our business network through business partnerships with our customers in the PRC market and the overseas markets. We intend to further deepen our business presence and penetration in existing local markets through business model innovation.

In particular, we will continue to strengthen our business model of providing integrated AI-optimized energy solutions through project development, and continuously enhance and strengthen our professional development capabilities and resource integration capabilities, etc., so as to improve the quality of our solutions and products as well as the efficiency of our business development; in the same time, we will continue to focus on asset-light investment, strengthen synergies with our partners, and make full use of the industrial base and industrial strengths of our diversified markets to create solutions and products that meet the demands of our local customers. We believe that business model innovation will always equip us with the ability to materialize our business value.

We intend to use HK\$[REDACTED] million, approximately [REDACTED]% of the [REDACTED] of the [REDACTED], for strengthening our overseas operational and service network. Please see “Future Plans and Use of [REDACTED]” in this document for further details.

Expand our production capacity in response to market demand.

Providing high-performance solutions and products has always been the foundation of our business. During the track record period and up to the Latest Practicable Date, we achieved a zero-return rate, and the failure rate of our products was as low as approximately 0.3%.

BUSINESS

To capitalize on the continued potential growth in the market, and taking into account that during the Track Record Period, the average utilization rate of all our relevant production lines has already exceeded 100.0%, we plan to further expand our production capacity. We believe that ensuring sufficient and stable production capacity is one of the key factors for our success. As of June 30, 2025, our designed production capacity has reached 2.0 GWh for large-scale ESS products and C&I ESS products annual and 100,000 units for residential ESS products, respectively. We aim to achieve an annual production capacity of 5.0 GWh for our large-scale ESS products and C&I ESS products and an annual production capacity of 200,000 units for residential ESS products by the end of 2026.

We intend to (i) procure two new production lines for manufacturing our large-scale ESS products, each with a designed annual production capacity of 1.5 GWh, together with four sets of test systems; and (ii) enhance and upgrade our existing production factory, including plant renewal, decoration and digitalization upgrading. We also plan to procure one new production line for manufacturing our residential ESS products with designed annual production capacity of 60,000 units, together with two sets of test systems, and upgrading our existing production facilities and equipment for manufacturing the same.

With respect to the above expansion plan, we take into account, the following major factors: (i) market demand; (ii) technology and equipment; (iii) supply of materials and components; (iv) production environment; (v) project construction plans; (vi) organization and personnel training; (vii) investment assumptions and financing; (viii) economic factor analysis; (ix) risk analysis and mitigation measures; (x) environmental protection and other ESG considerations; and (xi) economic and social return analysis. We have adopted a comprehensive decision-making system and process to ensure the success of our plans. See “– Production – Expansion plan” in this section for details.

We intend to use HK\$[REDACTED] million, approximately [REDACTED]% of the [REDACTED] of the [REDACTED], for expanding our production capacity. Please see “Future Plans and Use of [REDACTED]” in this document for further details.

BUSINESS

OUR BUSINESS SEGMENTS AND MODELS

Our Business Segments

Our business consists of three segments: (i) ESS solutions; (ii) EPC services; and (iii) others. The following table sets forth a breakdown of our revenue by business segments for the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Percentage		Percentage		Percentage		Percentage		Percentage	
	of total		of total		of total		of total		of total	
	revenue		revenue		revenue		revenue		revenue	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
							(unaudited)			
ESS Solutions										
Large-scale ESS	17,357	12.2	111,908	35.6	785,354	76.6	42,754	47.2	512,862	74.2
C&I ESS	–	–	28,701	9.1	9,572	0.9	2,589	2.9	2,171	0.3
Residential ESS	102,270	72.1	138,670	44.1	208,354	20.3	24,844	27.4	125,160	18.1
Other ESS ⁽¹⁾	21,108	14.9	4,188	1.3	102	0.0	149	0.2	8	0.0
Sub-total	140,735	99.2	283,467	90.1	1,003,382	97.8	70,336	77.6	640,201	92.6
EPC Services	–	–	30,333	9.7	19,512	1.9	19,512	21.5	49,125	7.1
Others ⁽²⁾	1,096	0.8	507	0.2	2,719	0.3	775	0.9	2,044	0.3
Total	141,831	100.0	314,307	100.0	1,025,613	100.0	90,623	100.0	691,370	100.0

Notes:

- (1) Other ESS primarily included revenue generated from sales of charging piles and fire safety ESS. These sales were aligned with the Group’s business strategy to explore applications of ESS products and solutions in the early stage of Track Record Period.

Charging piles were used with rooftop photovoltaic systems, and energy storage equipment to ensure the stability of the supply of solar power. Fire safety ESS provided advanced energy storage batteries and management systems to ensure stable power supply for critical fire safety equipment during emergencies, enhancing safety and reliability in residential and commercial settings.

While these products complemented our Group’s broader ESS solutions by addressing specific market needs and informing the development of core offerings, the Group shifted its strategic focus to large-scale ESS, C&I ESS, and residential ESS with greater market potential. Consequently, sales of other ESS declined in the year ended December 31, 2023, and were insignificant in the year ended December 31, 2024 and in the six months ended June 30, 2025. This strategic adjustment allowed the Group to optimize resources and enhance competitiveness in its core business areas.

- (2) Others primarily included revenue generated from our sales of miscellaneous item such as forklifts, testing equipment and scrap battery cells sold as waste materials.

BUSINESS

Seasonality

Our business is subject to seasonal fluctuations. In particular, our revenue and gross profit in the first half of each year during the Track Record Period accounted for less than 50% of the corresponding full year amounts.

For the six months ended June 30, 2022, our revenue and gross profit were RMB13.0 million and RMB3.5 million, respectively, representing approximately 9.2% and 9.7% of our revenue and gross profit for the year ended December 31, 2022. For the six months ended June 30, 2023, our revenue and gross profit were RMB70.8 million and RMB21.2 million, respectively, representing approximately 22.5% and 25.3% of our revenue and gross profit for the year ended December 31, 2023. For the six months ended June 30, 2024, our revenue and gross profit were RMB90.6 million and RMB11.8 million, respectively, representing approximately 8.8% and 7.6% of our revenue and gross profit for the year ended December 31, 2024.

The relatively lower contributions in the first half of the year were primarily due to seasonality factors. In general, the fourth quarter is the peak season, mainly driven by (i) the year-end rush for grid connection of energy storage projects in the PRC; and (ii) higher electricity demand during the winter season in overseas markets, which increases the demand for household energy storage. As a result, our sales and gross profit in the first half of the year are significantly lower than those in the second half of the year.

Such seasonality may result in fluctuations in our operating results between different periods and may affect the comparability of our financial performance on a half-yearly basis.

During the Track Record Period, we have successfully established market presence in both the PRC market and overseas markets, which primarily included Europe and Africa. The following table sets forth a breakdown of our revenue by geographical locations for the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000 (unaudited)	(%)	RMB'000	(%)
PRC	39,608	27.9	175,687	55.9	819,083	79.9	65,785	72.6	565,192	81.8
Europe	102,223	72.1	97,134	30.9	104,584	10.2	20,335	22.4	62,978	9.1
Africa	-	-	41,486	13.2	99,649	9.7	4,503	5.0	58,340	8.4
Others ⁽¹⁾	-	-	-	-	2,297	0.2	-	-	4,860	0.7
Total	141,831	100.0	314,307	100.0	1,025,613	100.0	90,623	100.0	691,370	100.0

Note:

- (1) Others primarily included revenue generated from other regions in Asia and South America, including, among others, Brazil, Saudi Arabia, The United Arab Emirates, Pakistan, Vietnam.

BUSINESS

During the Track Record Period, our Group experienced a notable shift in product mix, with the largest contributor of revenue changing from the provision of residential ESS products and solutions in the European market, which accounted for 72.1% of total revenue in 2022, to large-scale ESS products and solutions in the PRC, which contributed to 76.6% of total revenue in 2024. This transition reflects our Group’s dynamic response to market opportunities and policy developments, rather than a fundamental change in business focus.

The commercial rationale behind this shift lies in our Group’s flexible and responsive approach to market strategy. Starting in 2023, our Group began strategically prioritizing large-scale ESS deployment in the PRC in light of favorable government policies promoting energy storage development, such as the Action Plan for Enhancing Standardization to Achieve Carbon Peak and Carbon Neutrality in the Energy Sector (《能源碳達峰碳中和標準化提升行動計劃》), the Action Plan for Accelerating the Green and Low-Carbon Innovative Development of Power Equipment (《加快電力裝備綠色低碳創新發展行動計劃》), the Implementation Plan for Demonstration Projects of Green and Low-Carbon Advanced Technologies (《綠色低碳先進技術示範工程實施方案》), and the 2024 Energy Work Guiding Opinions (《2024年能源工作指導意見》). These policies created a supportive regulatory environment and spurred rapid growth in domestic demand, prompting our Group to scale up local deliveries, supported by enhanced production capacity and resource allocation in 2023 and 2024.

Despite this operational reallocation, our Group has consistently adhered to its long-term “dual-engine” strategy, focusing on the parallel development of both PRC and overseas markets. The observed change in product mix during the Track Record Period was the result of tactical adjustments to capture short-term opportunities, not a strategic withdrawal from the European residential ESS segment. In fact, revenue from residential ESS still grew significantly from RMB102.3 million in 2022 to RMB208.4 million in 2024, representing a CAGR of 42.7%.

Looking ahead, our Group will maintain its current business focus and remains committed to its long-term “dual-engine” strategy. It will continue to deepen its presence in residential ESS products and solutions for overseas markets, while expanding its large-scale ESS business in the PRC to capture policy-driven demand.

BUSINESS

Our Business Model

The business model for our major business segments is summarized below:

ESS Solutions

We provide comprehensive ESS solutions designed for diverse needs with respect to all-round large-scale, C&I and residential scenarios globally. Our solutions integrate AI technology and Internet-based digital platforms with advanced hardware ESS products manufactured by ourselves, enabling us to meet the unique needs of our customers mainly including the EPC contractors specialised in energy storage projects and power plant development, and batteries and energy storage products manufacturers for our large-scale ESS and C&I ESS segments, as well as the distributors for our residential ESS segment, and/or the end users, including power generation groups, grid companies, and power system operators for our large-scale ESS segment, and high-energy-consuming enterprises such as steel plants and manufacturing factories for our C&I ESS segment, as well as the residential users for our residential ESS segment.

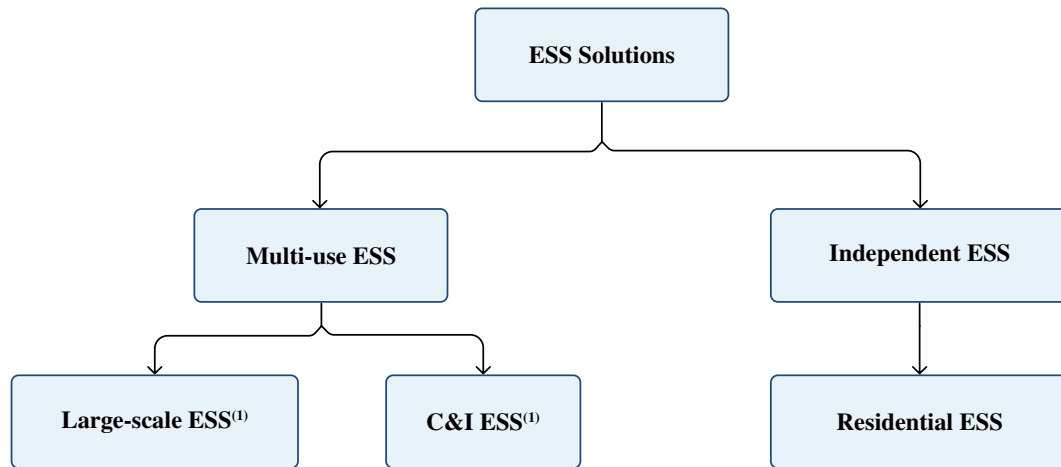
ESS solutions can generally be categorized into two major segments: multi-use ESS solutions, which are shared-use models jointly utilized by multiple parties, and independent ESS solutions, which are exclusively developed for single end user. Our Group’s core business segments are positioned within these categories, with a significant portion of its large-scale ESS and C&I ESS solutions falling within the multi-use ESS model, while residential ESS solutions are exclusively classified as independent ESS solutions.

A multi-use ESS solution refers to a shared-use model in which an ESS is jointly invested in or utilized by multiple stakeholders, such as grid operators, renewable energy producers, C&I users, or third-party investors, according to CIC. These solutions deliver value-added functionalities, including peak shaving, frequency regulation, and backup power, thereby enhancing overall system utilization and reducing individual investment costs. By contrast, an independent ESS solution is developed for and used by a single end user, without shared infrastructure or coordinated usage, according to CIC.

According to CIC, the multi-use ESS model is a relatively new deployment format that began to gain momentum in China around 2022. China’s multi-use ESS sector experienced significant growth since then, with newly installed multi-use ESS capacity reaching 31.0 GWh in 2024. The market is expected to expand rapidly, with a projected CAGR of 54.6% from 2024 to 2030, reaching 424.0 GWh by 2030. While most large-scale and C&I ESS projects in the broader industry are still implemented as independent ESS solutions, multi-use ESS is expected to become the predominant form of deployment in the near future. Recognising this trend and growth potential, the Group has strategically emphasised shared and system-integrated applications. As such, the majority of its large-scale and C&I ESS offerings are structured as multi-use ESS solutions.

BUSINESS

The following chart illustrates the positioning of the Group’s core business segments, i.e., large-scale ESS, C&I ESS, and residential ESS, within the categories of multi-use ESS and independent ESS solutions:



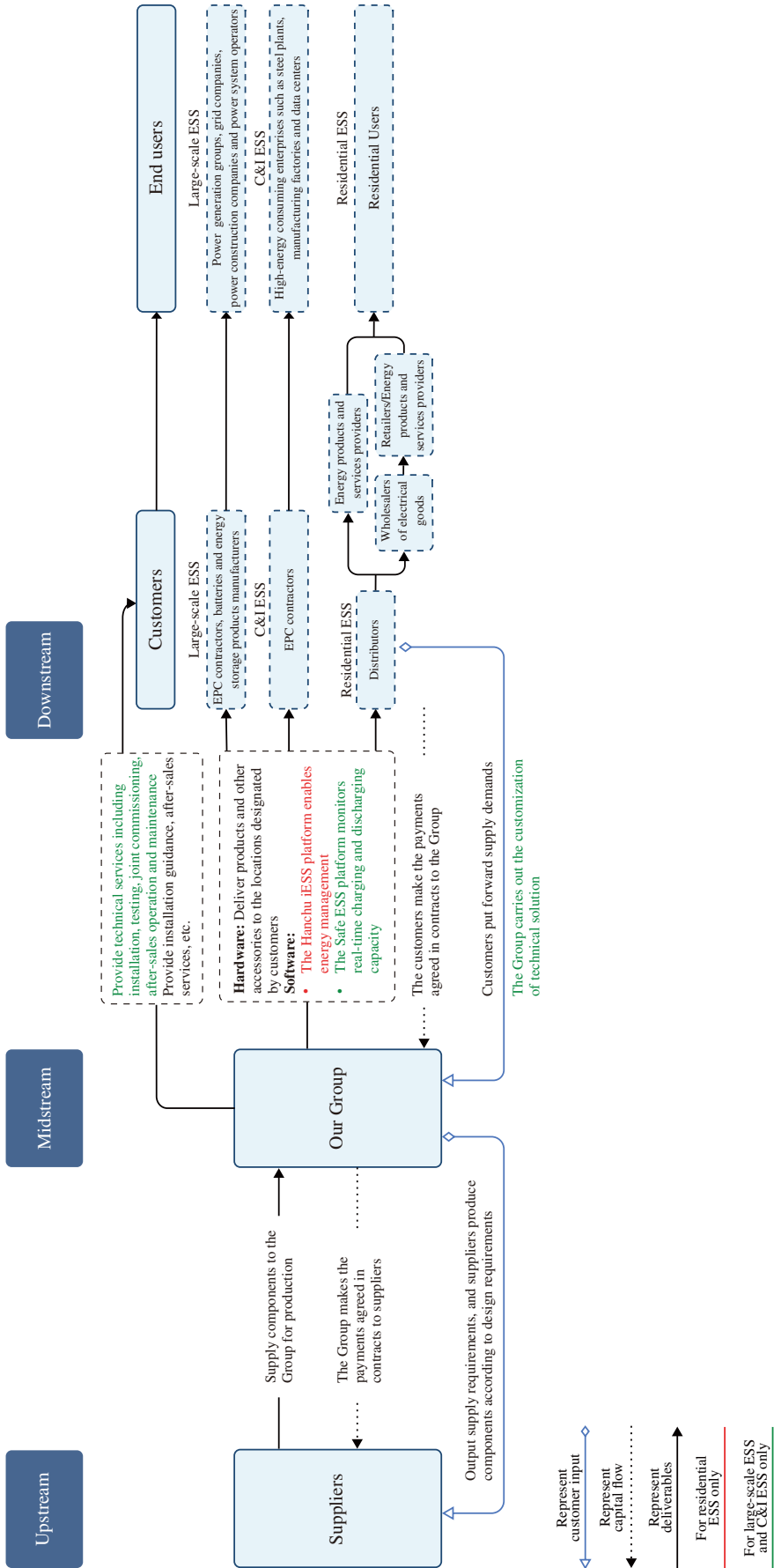
Note:

- (1) Our Group’s large-scale ESS and C&I solutions and products can also be used as independent ESS solutions, depending on customers’ needs.

In general, our large-scale ESS and C&I ESS offerings primarily fall within the multi-use ESS model, as they are typically deployed in scenarios where energy storage systems are shared among multiple users or entities, such as industrial clusters or utility applications. Depending on specific customer needs and system configurations, these solutions can also function as independent ESS, capable of operating autonomously. In contrast, residential ESS is designed for use by individual households and is therefore exclusively aligned with the independent ESS model.

BUSINESS

The following chart illustrates the operational framework of our ESS solutions:



BUSINESS

The table below summarises the core functionalities, customers, target end users and major benefits of each segment of our ESS solutions:

Our ESS Solutions	Functionalities	Customers	Target End Users	Major Benefits
Large-scale ESS	- Grid fluctuation mitigation and system stability - Intelligent load management, dynamic capacity expansion, and backup power support - Flexible grid/off-grid operation for remote and weak-grid areas	- EPC contractors specialized in energy storage projects and power plant developments - Batteries and energy storage products manufacturers	Power generation groups, grid companies, power construction companies, and power system operators in the PRC	- Enhanced power system stability, safety, and efficiency - Increased renewable energy utilization - Power coverage in underserved areas
C&I ESS	- Energy consumption optimization, cost reduction, and microgrid PV integration 24/7 green energy support for data centers with backup power and operational continuity - Distributed generation and reduction of redundancy and grid connection barriers - Provision of on-line services through Internet, increasing return on investment of ESS products and extending the lifespan of relevant ESS products	EPC contractors specialized in energy storage projects and power plant developments	High-energy-consuming enterprises such as steel plants, manufacturing factories, and data centers in the PRC	- Peak shaving and stability - Cost savings on electricity - Improved energy efficiency and sustainability

BUSINESS

Our ESS

Solutions	Functionalities	Customers	Target End Users	Major Benefits
Residential ESS	- Household power generation maximization, electricity cost reduction, and energy independence enhancement - Reliable backup power during outages to improve user convenience - Comprehensive energy management with diverse hardware and real-time monitoring	Distributors	Residential users (primarily overseas, through distributors)	- Cost saving through self-generation - Improved power reliability – Ease of use via platform support

- For provision of large-scale ESS solutions and products:*** We are primarily involved in (i) providing energy storage, transmission and distribution management, enhancing the users’ capability to use wind power and optoelectronics, and effectively solve the problems of grid fluctuations, thereby enhancing overall system stability and efficiency, and optimizing the energy structure and overall efficiency of the power system; (ii) provision of intelligent load management for power transmission and distribution, realization of dynamic capacity expansion of the power grid, provision of backup power, alleviation of the power grid congestion to ensure the stability, efficiency and safety of the power grid; and (iii) acting as a new type of small power generation and distribution system, to realize the flexible switch between grid-connected operation and offline operation, achieving power coverage in areas without electricity and areas with weak power grids.

We primarily provide bundled solutions, which combine large-scale ESS products, software platforms, and related services, including after-sales services, to meet customers’ specific needs. These solutions are customizable, with an after-sales service period of one to five years. The revenue model for large-scale ESS solutions is based on the sales of products and solutions, which is recognized at the point in time when control of the products is transferred to the customer.

Our end users for large-scale ESS solutions and products, all of which are located in the PRC, primarily consist of power generation groups, grid companies, power construction companies and power system operators.

BUSINESS

- ***For provision of C&I ESS solutions and products:*** We are primarily involved in (i) helping C&I enterprises to improve energy consumption management, reducing energy costs, providing backup power and support integration with microgrid systems; (ii) in combination with renewable energy, helping data centers to achieve 24/7 green energy supply, ensuring uninterrupted operation while reducing the operational costs; and (iii) acting as a new type of small power generation and distribution system to solve the problems of power generation redundancy and grid-connected barrier, thus maximizing energy utilization and enhancing system reliability.

We primarily provide bundled solutions, which combine C&I ESS products and corresponding Internet software platforms, tailored to the specific needs of our customers, including after-sales services. These solutions are customizable, with an after-sales service period of one to five years. The revenue model for C&I ESS solutions is based on the sales of products and solutions, which is recognized at the point in time when control of the products is transferred to the customer.

Our end users for C&I ESS solutions and products, mainly located in the PRC, are characterized by high-energy-consuming enterprises with significant electricity demand and high electricity costs.

- ***For provision of residential ESS solutions and products:*** We are primarily involved in helping residential households to maximize household power generation to reduce electricity costs enhance energy independence and mitigate power outages with application of variety of hardware ESS products, including machinery and equipment for power generation, energy storage and electricity management, to improve backup power reliability and overall user convenience in diverse usage scenarios.

During the Track Record Period, the majority of our residential ESS solutions and products were sold to our distributors in the overseas markets, who onsold to end users. We maintain a buyer/seller relationship with our distributors. To support the end users, we collaborate with local distributors and provide technical support through offline teams for training and after-sales services, as well as AI-optimized platform and through Internet for real-time monitoring, remote upgrades and operational assistance.

We primarily provide bundled solutions that combine standardized residential ESS products with corresponding Internet software platforms designed for broader market deployment. These solutions include an after-sales service period of zero to 10 years. During this period, the Group provides annual technical support and training. For certain customers, we provide warranty services free of charge. For other customers, if repair or replacement of parts is required due to product quality issues, we may charge the cost of replacement parts. The battery cell warranty is provided separately by the supplier. The revenue model for residential ESS solutions is based on the sales of products and solutions, which is recognized at the point in time when control of the products is transferred to the customer.

BUSINESS

During the Track Record Period, the typical project duration for our ESS solutions business, from the contract execution to the final delivery of the products, was approximately three months.

EPC Services

We offer integrated EPC services, specializing in C&I energy storage projects and photovoltaic power plant development. To optimize resources and maintain efficiency, certain construction tasks may be subcontracted to qualified secondary contractors, while we retain full responsibility for project management, quality assurance and timely delivery. Throughout the project execution, we ensure integration of all phases, delivering high-quality, reliable and efficient energy solutions tailored to our customers’ needs. According to CIC, it is not uncommon for application of EPC services model in the renewable energy industry in the PRC.

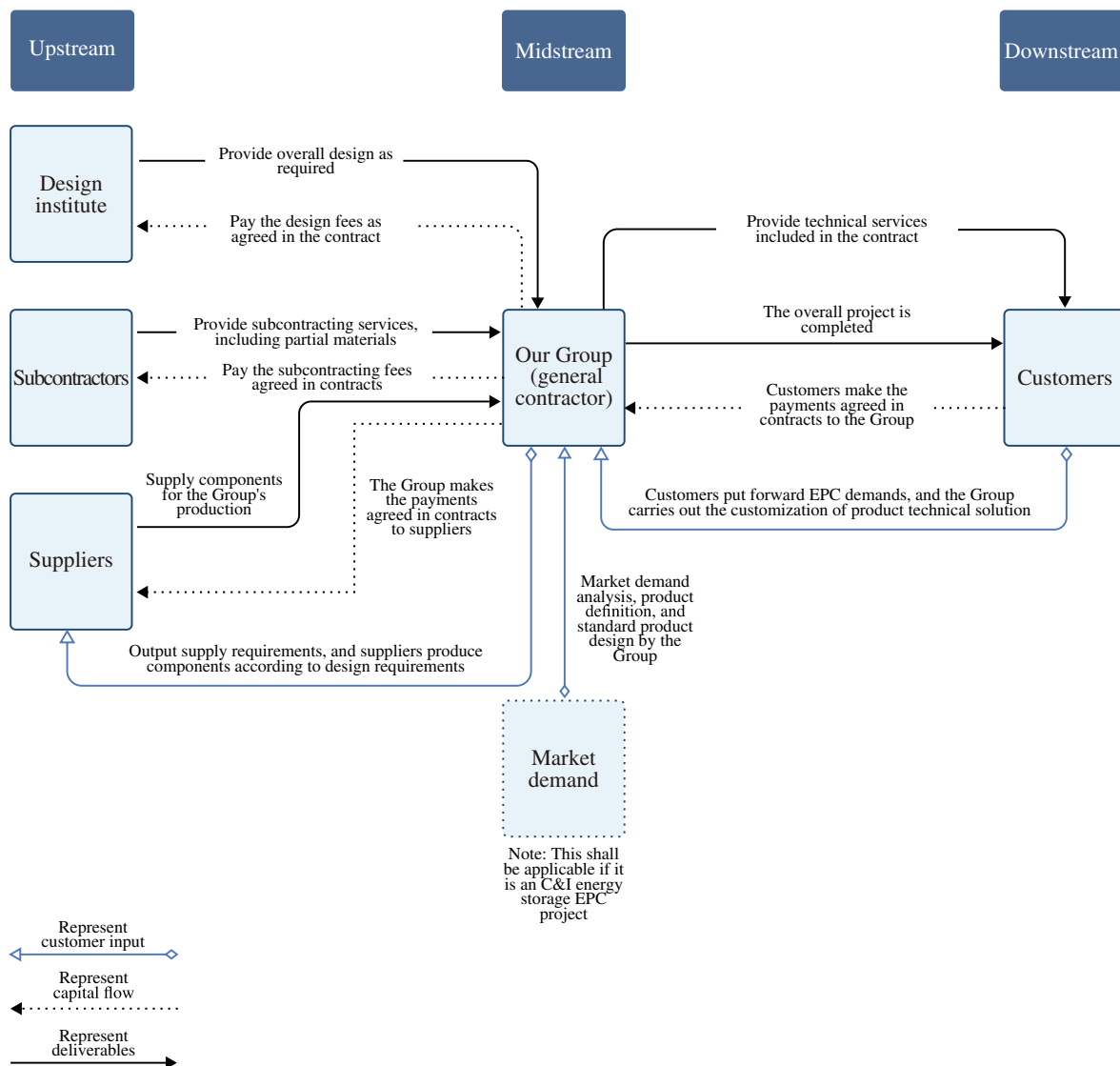
Our EPC services follow a bundled model, combining equipment, design, construction services and after-sales services. These solutions are customizable, and the revenue model is project-based, recognized over time using an input method to measure progress toward the complete satisfaction of the service. Revenue is recognized based on the proportion of actual costs incurred relative to the estimated total costs of the EPC services.

During the Track Record Period, we undertook certain projects as the EPC contractor. Generally, the EPC projects involved the supply and installation of advanced machinery and equipment, including liquid-cooled energy storage cabinets, PCS boost integrated machines, DC combiner cabinets, and electrical equipment cabins, showcasing our ability to handle large-scale and complex projects.

- ***Full lifecycle project management:*** Our EPC services follow a general contracting model, where we oversee the entire project lifecycle, including design, procurement and construction. This approach allows us to fully integrate resources, establish clear accountability and minimize the potential risks.
- ***Efficient subcontracting model:*** In these project, we subcontracted certain civil works to subcontractors and used our advanced ESS products in the same project, leveraging the expertise of these specialized partners to ensure efficient and high-quality execution.
- ***Advanced technology integration:*** Our EPC services incorporate machinery and equipment such as liquid-cooled energy storage cabinets and PCS boost integrated machines, combined with precise EMS and AI technology to enable real-time monitoring and optimized performance.

BUSINESS

The following flowchart illustrates the working dynamics of our Group’s EPC services:



Our integrated business model creates strong synergies between our two core segments. Our advanced ESS solutions business attracts customers and/or the end users seeking reliable and innovative solutions, many of whom may leverage our system integration expertise for their projects. Additionally, our EPC services enhance our competitiveness in larger-scale and complex projects. At the same time, by managing the design, procurement and construction of projects, we are able to optimize resource allocation and cost control, and improve the overall profitability of the projects.

Conversely, partnerships and large-scale projects in our EPC services are able to drive demand for our ESS solutions, while our AI-optimized solutions and products based on platform technology further strengthen our customer loyalty and satisfaction, solidifying our market position. Besides, our EPC services delivering capabilities also enhance customer stickiness and create business opportunities for follow-up operations, maintenance, energy management and upgrades, fostering long-term customer relationships.

BUSINESS

Business Development and Customer Engagement

We secure new businesses in the PRC primarily through strategic cooperation and the provision of support to potential customers’ project development. We maintain long-term and in-depth collaboration with key industry participants. For example, we have entered into a strategic cooperation agreement with CALB Group Co., Ltd. and jointly established a large-scale energy storage ecosystem alliance (大儲能生態聯合體) with Customer F. Through these arrangements, we are able to integrate high-quality internal and external resources and create strong synergies, enabling us to deliver more competitive and adaptive integrated solutions to our customers.

At the same time, we actively identify and pursue new business opportunities. In the course of the potential customers’ project development, we support them in project planning and bidding/tendering processes, and we also undertake EPC services or energy storage equipment supply entrusted by customers. These arrangements allow us to deepen customer relationships and convert project development opportunities into sales of our ESS solutions and products.

We are currently focusing on major state-owned energy groups, including the “five large and six small” power generation groups (五大六小) as well as State Grid and China Southern Grid (兩網兩建). We have already been shortlisted as a qualified supplier by China Huaneng Group and Power Construction Corporation of China, and we plan to actively participate in their direct and indirect tendering processes to secure stable market-driven orders.

In overseas markets, we primarily adopt a distributor model. We enter into cooperation agreements with local distributors and exercise systematic management over them. Under our prevailing buy-out arrangement, we regulate pricing, inventory and sales territories pursuant to contractual terms. In addition, we provide a range of support services, including after-sales services, to ensure orderly market operations and the sustainable development of our brand.

This dual-track approach enables us to capture business opportunities in the PRC through partnerships and project-driven development, while leveraging distributors to expand our overseas presence in a scalable and efficient manner.

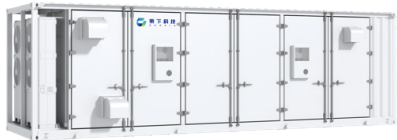
BUSINESS

OUR PRODUCTS AND SOLUTIONS

Our Products

We offer a range of ESS products for our customers in the PRC and the overseas markets with advanced management systems, including but not limited to energy management system, battery management system, thermal management system and safety protection system.

The following table sets forth specifications of our key large-scale ESS products:

	5MWh liquid-cooled all-in-one ESS	6.7MWh liquid-cooled all-in-one ESS
		
Model	ESS-5.016M-2h-S	ESS-6.7M-2h-S
Nominal voltage	DC 1331.2V	DC 1331.2V
Nominal charge/discharge rate	2.5MW	3.35MW
Dimensions (W × D × H)	6,058 × 2,438 × 2,896 mm	9,700 × 2,550 × 2,896 mm
Weight	40 tons	60 tons
Protection rating*	IP54	IP54

Note: The protection rating refers to the level of protection and enclosure provides for electrical components. It is typically defined by the IP (Ingress Protection) rating, an international standard (IEC 60529) that specifies protection against solid particles (e.g. dust) and liquids (e.g. water). Higher IP ratings ensure greater durability, safety, and reliability, especially in harsh environments.

The hardware for our large-scale ESS products primarily consist of AC-side step-up integrated cabins, DC-side battery cabins, EMS, liquid-cooled air conditioning systems, fire detection and sprinkler systems, dehumidifiers, combustible gas detection systems, dynamic environmental monitoring systems, video access control systems and control combiner cabinets.

BUSINESS

The following table sets forth specifications of our key C&I ESS products:

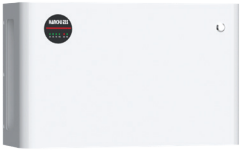
	215kWh air-cooled all-in-one ESS	261kWh liquid-cooled all-in-one ESS	418kWh liquid-cooled split-type ESS
			
Model	CESS-105K215AL	CESS-125K261LL	CESS-215k418LL
Nominal voltage	DC 768V	DC 832V	DC 1331.2V
Nominal charge/discharge rate	140A	157A	157A
Dimensions (width x depth x height)	1,500 x 1,490 x 2,348 mm	1,000 x 1,300 x 2,320 mm	1,250 (+/-5) x 1,350 (+/-5) x 2,335 (+/-5) mm
Weight	2.5 tons	2.5 tons	3.4 ton (+/-10 kg)
Protection rating*	IP54	IP54	IP54

Note: The protection rating refers to the level of protection an enclosure provides for electrical components. It is typically defined by the IP (Ingress Protection) rating, an international standard (IEC 60529) that specifies protection against solid particles (e.g., dust) and liquids (e.g., water). Higher IP ratings ensure greater durability, safety, and reliability, especially in harsh environments.

The hardware for our C&I ESS products primarily consist of AC-side grid-connected inverters/PCS (bidirectional converters), DC-side battery packs, EMS, thermal management systems and safety systems.

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The following table sets forth specifications of our key residential ESS products:

	3.2 kWh Low Voltage Battery	5.3 kWh High Voltage Battery	9.4 kWh Low Voltage Battery
			
Model	HOME-ESS-LV-3.2K	HOME-ESS-HV-5.3K	HOME-ESS-LV-9.4K
Nominal voltage	51.2V	153.6V – 409.6V	51.2V
Nominal charge/discharge rate	40A/60A	40A/50A	100A
Dimensions (width × depth × height)	484 × 165 × 302 mm	650 × 330 × Varies (812–1727 mm)	430 × 150 × 800 mm
Weight	34.9 kg	147.6–366.4 kg	72 kg
Protection rating*	IP54	IP65	IP65

Note: The protection rating refers to the level of protection an enclosure provides for electrical components. It is typically defined by the IP (Ingress Protection) rating, an international standard (IEC 60529) that specifies protection against solid particles (e.g., dust) and liquids (e.g., water). Higher IP ratings ensure greater durability, safety, and reliability, especially in harsh environments.

The hardware for our residential ESS products primarily consist of low-voltage/high-voltage lithium battery systems and inverters.

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Sales Volume and Average Selling Price

The following table sets forth our sales volume and average selling price of our ESS products during the Track Record Period.

	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>(MWh)</i>				
Sales Volume					
Large-scale ESS	58.0	306.0	1,653.7	66.0	1,146.0
C&I ESS	–	20.9	12.8	5.4	2.2
Residential ESS	68.4	97.1	224.7	30.3	188.5
	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>(RMB/Wh)</i>				
Average Selling Price					
Large-scale ESS	0.3	0.4	0.5	0.7	0.4
C&I ESS	–	1.3	0.7	0.5	1.0
Residential ESS	1.5	1.4	0.9	0.8	0.6

Our sales volume of both Large-scale ESS and Residential ESS increased rapidly during the Track Record Period as a result of our continuous business expansion efforts and the increase in our production volume. The average selling price of Residential ESS declined during the Track Record Period, primarily due to a decline in raw material prices and in response to market competition. The average selling price of C&I ESS decreased from 2023 to 2024, primarily due to a decline in raw material price and in response to market competition. The average selling price of C&I ESS increased for the six months ended June 30, 2025 due to our expansion into European market. From 2022 to 2024, we progressively increased the sales of large-scale ESS products that had battery cells and AC-side set-up integrated cabins assembled. As battery cells and AC-side set-up integrated cabins did not affect the overall energy storage capacity, the assembly of them into the large-scale ESS products did not lead to an increase of the sales volume but an increase of the selling price per unit. As a result, despite the decline in raw materials due to intensified market competition, the average selling price of Large-scale ESS per Wh increased. The average selling price of Large-scale ESS decreased for the six months ended June 30, 2025 as the sales of ESS products that had battery cells and AC-side set-up integrated cabins assembled decreased. According to CIC, the

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changes in the average selling prices of ESS mainly subject to the raw materials price and the intensity of market competition. During the Track Record Period, as the global price of lithium-ion ESS batteries, the major raw material of ESS products, generally decreased and the competition of the ESS solutions industry in China was intense, the average selling prices of ESS was in a downward trend. However, for Large-scale ESS, the product configuration generally depends on customer requirements and specifications, of which the energy storage system may include DC-side battery cabins with or without optional modules (i.e. AC-side battery cabins and battery cells) assembled. The overall capacity of an energy storage system is generally constrained by DC-side battery cabins. Thus, as optional modules are assembled in the energy storage system, the average selling price per Wh of Large-scale ESS increases accordingly. As such, the average selling prices of Large-scale ESS also depends on the product configuration on top of the raw materials price and the intensity of market competition.

According to CIC, the changes in our average selling prices during the Track Record Period were generally in line with our peers.

Our Proven Solutions

Based on our hardware ESS products, we have also developed series of solutions corresponding to our categories of products, with the support of our self-developed and AI-optimized apps, namely Safe ESS and Hanchu iESS. As of the Latest Practicable Date, the Group solely utilized Safe ESS and Hanchu iESS Apps for self-published information. The Group did not use the Apps to provide platform services for third parties to publish information, nor did not use them for third parties to enter and implement sales activities and other value-added telecommunications services. Based on (i) the anonymous consultations with Jiangsu Telecommunication Bureau (江蘇省通信管理局) in June 2025; and (ii) the scope and content of the operations conducted by these Apps and websites, that the Apps do not involve functionalities or content requiring an ICP license under the PRC Law. As advised by the Group’s PRC Legal Advisor, based on the foregoing, the Group is not required to obtain ICP license for its self-developed apps Safe ESS and Hanchu iESS. In accordance with the requirements of the Administrative Measures on Internet-based Information Services (《互聯網資訊服務管理辦法》) and the Notice of the Ministry of Industry and Information Technology on the Record-filing of Mobile Internet Apps (《工業和資訊化部關於移動互聯網應用程序備案的通知》), the Group is required to complete ICP filings for the Apps. As of June 30, 2025, we have completed the ICP filings for the apps and websites of Safe ESS and Hanchu iESS in accordance with the applicable PRC requirements, and our PRC Legal Advisor is of the view that we have completed all necessary ICP filings for these apps and websites in the PRC, in compliance with relevant PRC laws.

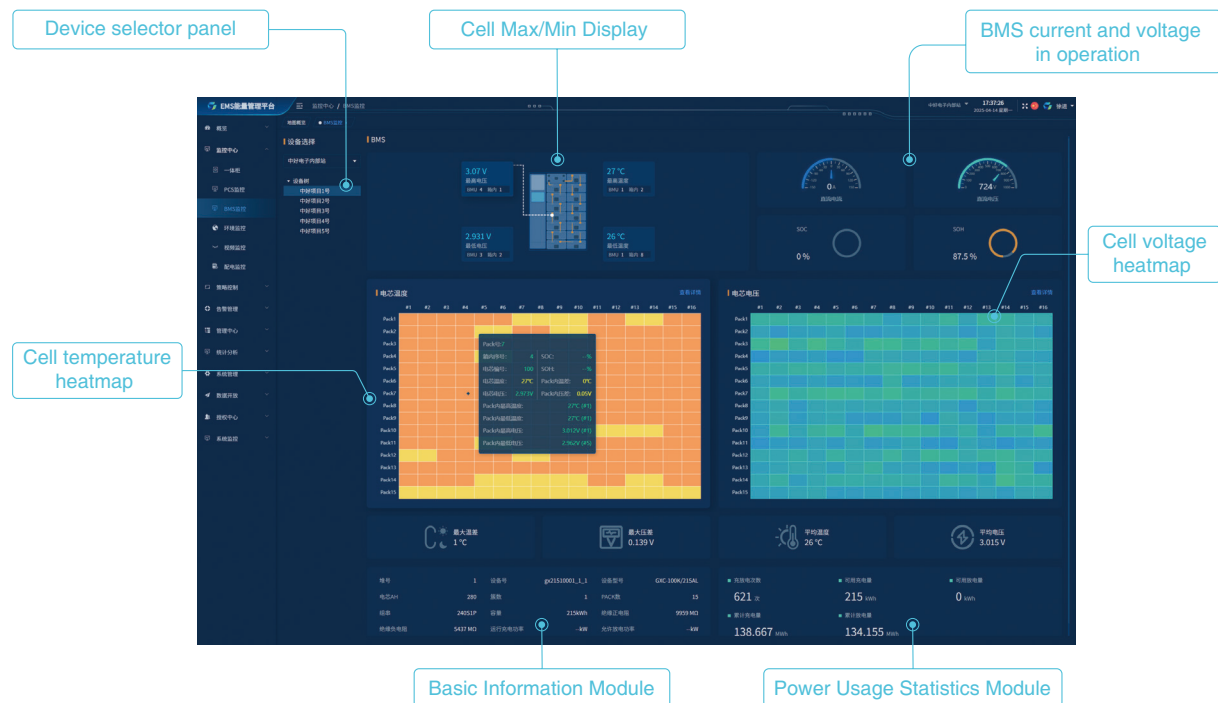
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Safe ESS

The Safe ESS is designed with a robust cloud-edge-terminal communication and computing architecture. By combining cloud computing, edge computing, Internet connectivity and terminal device collaboration, the platform provides efficient, low-latency data processing and intelligent management services for the users. It supports both our end users for large-scale ESS solutions and products and C&I ESS solutions and products by facilitating data analysis, strategy management and remote control, thereby enhancing grid stability.

The platform integrates AI technology and advanced control algorithms to optimize the operations of our ESS solutions and products. Customizable charging and discharging strategies are implemented to maximize efficiency and support cost-effective energy management for the users, such as peak shaving, frequency and peak regulation, dynamic capacity expansion, demand control, renewable energy integration, demand response, virtual power plants and microgrid collaboration. Predictive model and operational data analysis also enable automated fault detection and diagnosis, helping the users prevent downtime and maintain system reliability.

The following diagram illustrates the major interface of our Safe ESS:

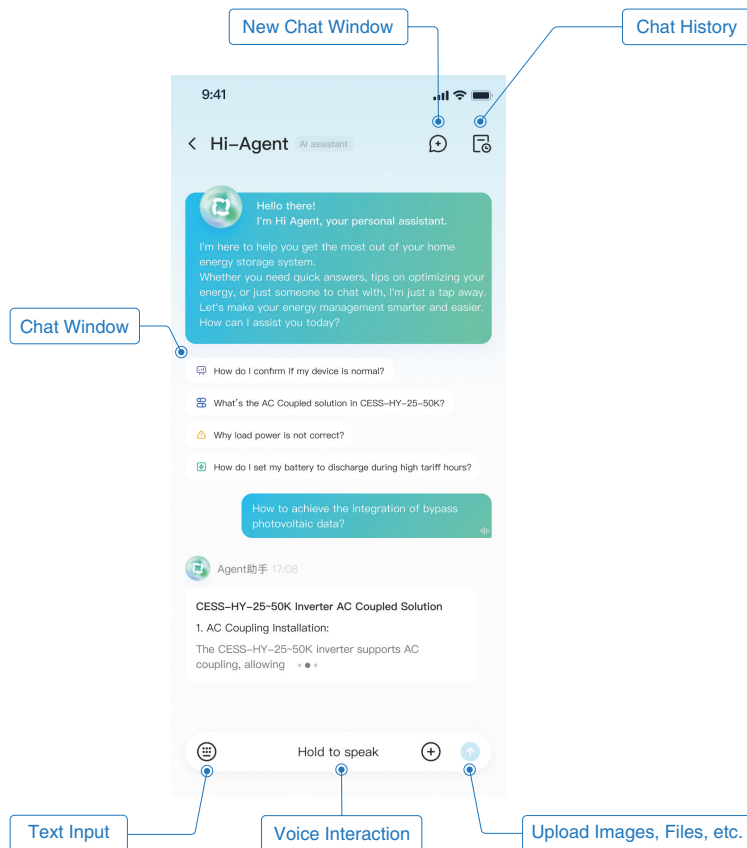


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Hanchu iESS

Our self-developed app, Hanchu iESS, is an AI-optimized and Internet-based platform that leverages IoT technology to achieve efficient energy management and optimized utilization of power for the users. It supports the users for our residential ESS solutions and products. Such users are able to get access to Hanchu iESS via a web version and mobile app to ensure a user-friendly experience for monitoring, management, maintenance and post-sales services anytime and anywhere.

The following diagram illustrates the major interface of our Hanchu iESS:



Equipped with patented variable-frequency data processing technology, smart data filtering and edge processing capabilities, our Hanchu iESS is able to intelligently capture critical data and automatically identify and prioritize important data to enhance overall data processing quality. The corresponding users can also get access to flexible control strategies and detailed historical data through our Hanchu iESS. Besides, we provide in-depth data analysis and optimized data processing strategies through Hanchu iESS, which lay a solid foundation for advanced analytics and fault diagnosis, facilitating smart decision-making for the users.

Our Hanchu iESS is able to automatically adjust charging and discharging strategies based on weather conditions, electricity price fluctuations and user consumption habits. This differentiated functionality attracts more customers and boosts the market competitiveness of our products.

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We present the corresponding users with daily, monthly and yearly statistics on energy consumption fluctuations through simple numerical displays and smooth line charts in a prominent section of our Hanchu iESS. This allows users to monitor real-time energy data and electricity self-sufficiency status. For battery, the corresponding users are able to accurately track charge and discharge curves to promptly detect anomalies, combined with bar charts displaying cumulative charging and discharging amounts to date, which allow the corresponding users to assess battery health and apply for maintenance when necessary.

The Hanchu iESS utilises high-precision monitoring to identify potential issues in advance, safeguarding equipment’s safety and reducing maintenance costs. By leveraging IoT technology, Hanchu iESS effectively solves the problems of fragmented devices and isolated information in traditional systems. Our Hanchu iESS also incorporates AI-powered features, including AI predictive notifications and intelligent strategies that generate customized plans based on weather, energy usage patterns and electricity pricing.

Benefits of Our Solutions based on Integration of AI Technology with Advanced Hardware ESS Products

- ***The Technological Advancement:*** (i) Our integrated energy solutions utilize advanced IoT technologies to achieve precise monitoring of equipment operating status and real-time data processing. By analyzing the corresponding data, we provide accurate maintenance recommendations, helping users promptly identify potential issues and implement preventive measures; (ii) through efficient analysis of electricity consumption data, our solutions offer granular electricity usage strategy adjustments for residential users. We predict peak and off-peak electricity price fluctuations and schedule energy usage periods to help users significantly reduce electricity costs; (iii) our integrated energy solutions conduct in-depth processing of collected energy data to generate structured information and actionable insights. These data-driven outcomes not only provide a scientific basis for internal operational optimization but also deliver robust support for clients’ energy management decisions; and (iv) our integrated energy solutions provide comprehensive management services covering multiple devices (e.g. smart meters, charging piles, heat pumps, batteries, inverters and diesel generators). By adopting a holistic system perspective, we deliver more efficient and comprehensive energy management services to clients, ensuring maximized energy utilization and optimized service experiences.
- ***The Platform-featured Strength:*** (i) Our platform significantly reduces equipment repair demands, lowers operational and maintenance costs and enhances equipment efficiency and user experience. This large-scale application capability establishes a distinct competitive edge for us in the industry as compared with our competitors; (ii) our platform integrates full lifecycle services, from equipment installation, testing and usage to after-sales support, delivering one-stop coverage across all energy management stages. Through end-to-end data tracking and Internet-enabled connectivity, the platform enables real-time monitoring

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of equipment status, rapid issue detection and solution provision, thereby improving management convenience, while minimizing system maintenance costs; and (iii) the platform offers differentiated services and role-based access control tailored to distinct user roles. This flexible permission management mechanism not only reduces overall administrative and operational costs but also ensures personalized and efficient user experience.

- ***The Fusion and Completeness Strength:*** (i) Through deep collaboration between software and hardware, our solutions are designed to deliver strong performance and competitiveness, providing customers and the end users with significant value enhancement; (ii) the platform is able to integrate multiple third-party data sources, such as power information, weather data and electricity pricing, to form a comprehensive and structured energy analysis capability. This multi-dimensional information integration provides a scientific basis for optimizing energy strategies, helping our customers and the end users achieve more precise energy management in complex energy environments; and (iii) through the deep integration of Internet and AI technologies with hardware products, we optimize every stage, from data generation, transmission and storage to application, breaking down barriers in traditional energy management chains. This deep integration enables our solutions to far surpass traditional approaches with respect to flexibility and efficiency, delivering superior energy scenario application results and service value to our customers and the end users.
- ***The Systematic Support and Empowerment:*** (i) Leveraging on our technological and resource strengths, we have built a global business network and service system. Through IoT technologies, Internet platforms and AI tools, we provide customized solutions and products to both PRC customers and overseas distributors. This systematic support capability not only differentiates us from our competitors focused solely on product sales but also establishes a moat and first-mover advantage in the corresponding local markets; (ii) our solutions are data-driven, utilizing the platform to deeply analyze users’ energy needs and potential issues. Based on these insights, we deliver more precise and efficient services, helping our customers and the end users achieve greater value in energy management; (iii) our system employs advanced encryption technologies and multi-layered security strategies to comprehensively protect user data and system security. Additionally, we have obtained multiple international privacy and security certifications, ensuring our customers and the end users enjoy high level of privacy protection when using our solutions and products. See “– Our Quality Accreditations” in this section for details; and (iv) we have established long-term collaborations with universities and research institutions, including but not limited to Shanghai Jiao Tong University and Jiangnan University, to integrate technologies and innovative ideas into our business and product development. This industry-academia-research model (“產-學-研模式”) not only accelerates technological advancements but also ensures our solutions and products remain at the forefront of industry technology, providing our customers and the end users with continuously innovative solutions and products.

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Our AI capabilities

Our AI technology possesses cross-scenario generalization capabilities. It not only optimizes electricity price forecasting, battery health and intelligent charging and consuming scheduling but also integrates grid regulations, market transactions and user behavior to achieve globally optimized energy storage dispatching. Our AI capabilities deliver tangible benefits for our customers and the end users:

- ***Reduced After-sales Costs and Improved Maintenance Efficiency:*** With full cloud integration and intelligent customer service, our AI technology enables proactive fault detection and remote diagnostics, minimizing the need for manual intervention. Our AI-optimized platform is able to identify anomalies in charging and discharging patterns, analyze root causes, and automatically adjust strategies to prevent failures, reducing operational costs and system downtime.
- ***Optimized Energy Storage Strategies for Higher Returns and Better User Experience:*** Using our vertical AI model, we generate dynamic, scenario-based charging and discharging strategies tailored to different types of the end users. Our AI technology optimizes electricity price arbitrage, peak shaving and demand response by integrating electricity pricing forecasts, load optimization and market transactions, maximizing profitability while ensuring battery health.
- ***Enhanced Safety and Extended Battery Life:*** Our AI technology continuously monitors battery thermodynamics and electrochemical models, predicting battery aging trends and identifying potential risks before failures occur. Our AI technology proactively adjusts charging duration, operating modes and risk mitigation strategies, in order to ensure stability of our solutions and products and save maintenance costs and improve warranty capabilities.
- ***Product Lifecycle Optimization:*** Our AI technology accelerates product development and assistance in design, R&D, manufacturing and operational phases. We rely on Internet technology and the operating data we have obtained to find out the potential needs of ESS products for optimization and accelerate production optimization and upgrading by using AI technology.

Currently, we are working on the integration of smart household systems. Our solutions have already been integrated into top global smart household voice platforms. This enables users who widely use these platforms to control our devices through voice commands. Meanwhile, we are developing smart sockets that connecting to our ESS solutions and products via local networks, facilitating better control over household load energy consumption. Additionally, we are also developing a smart centralized control terminal that interacts with users through voice, allowing for the control and monitoring of all devices in the household. We are expanding our ecosystem to the smart household level to expand the application of our AI technology.

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Application of AI in Our Products and Solutions

We integrate AI into our ESS products and solutions to enhance automation, intelligence, and operational efficiency. AI technology is applied across multiple critical scenarios, including optimization of ESS scheduling, safety management, user interaction, and data analytics, with details set out below:

- ***Intelligent Scheduling Optimization:*** We employ AI algorithms to analyze multidimensional real-time data, such as electricity prices, load, weather conditions, and battery status. These algorithms generate dynamic charging and discharging strategies to improve system responsiveness. Current applications include intelligent charging and discharging scheduling for residential ESS and demand management and electricity price arbitrage strategies for C&I ESS. The algorithms are adaptive and capable of evolving with changing conditions.
- ***Predictive Battery Health and Proactive Safety Management:*** We have developed a battery state recognition mechanism that combines physical models (e.g., electrochemical and thermodynamic models) with machine learning algorithms. This mechanism enables dynamic prediction of key metrics, such as State of Charge (SOC) and State of Health (SOH), facilitating early identification of battery aging trends and potential fault risks. Edge AI deployment supports proactive safety responses, including quick isolation of minor faults and system-wide power cuts in severe cases, significantly improving operational safety.
- ***AI-Powered User Interaction and Automated Services:*** Our self-developed intelligent assistant system is based on a vertical energy large model and knowledge graph technology. By automatically identifying user intent and extracting key information, the system provides personalized optimization recommendations, improving service efficiency and user experience.
- ***Multidimensional Data Analytics:*** We integrate device data (e.g., inverters, batteries, meters), business system data (e.g., operational and maintenance records), and third-party data (e.g., weather, electricity prices, grid policies) into a unified platform. AI models perform analyses such as power generation forecasting, load forecasting, and fault prediction, supporting strategy optimization and operational decision-making.

Our Representable Deployments

During the Track Record Period, we have successfully delivered several energy storage solutions that demonstrate our technical expertise, innovative solutions and commitment to sustainability. Below are two of our most notable deployments, showcasing our capabilities in delivering large-scale ESS and C&I ESS products and solutions.

Large-scale ESS: Huai’an Shenneng Deployment (淮安深能储能部署) – the First Independent Centralized Energy Storage Power Station in Northern Jiangsu Province (the “**Huai’an Shenneng Deployment**”)

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The Huai'an Shenneng Deployment is a centralized energy storage power station in Northern Jiangsu Province, with a total installed capacity of 120MW/240MWh. These cabins are connected in a “hand-in-hand” configuration and then linked to four 35kV collection cabinets. The grid connection voltage is 35kV, while the main transformer voltage is 220kV. The deployment was constructed within one month and was completed in July 2024, with a focus on multi-use energy storage applications.

Our customer of this deployment is Customer F, a company established in the PRC, principally engaged in the research, design and manufacturing of energy storage materials, battery materials and advanced batteries. It is a manufacturer of battery and energy storage products, with capabilities covering the integration of energy storage battery systems and the development of EMS and BMS technologies. It also provides battery solutions across various sectors and engages in related technology services. Customer F is a medium-sized enterprise with a registered capital of RMB30.0 million. The end user of the deployment is a major state-owned energy enterprise listed on the Shenzhen Stock Exchange, principally engaged in energy development, production and distribution. The project is utilized to support the safe and stable operation of the regional power grid, enhance peak load regulation capacity, and increase the utilization of renewable energy sources such as wind and solar power.

In this deployment, we provided 120MW/240MWh energy storage system equipment for both the DC-side and AC-side, including but not limited to the following key equipment and systems: prefabricated cabins, energy storage batteries, BMS, and PCS. We were also responsible for the system's installation and commissioning. Our revenue derived from the Huai'an Shenneng Deployment amounted to approximately RMB105.4 million for the year ended December 31, 2024, representing approximately 10.3% of our total revenue for the same period.

This deployment serves as a critical regulatory power source, meaning a grid-supporting energy storage system that provides flexibility to the power grid by regulating supply and demand balance for Jiangsu Province. It plays a key role in peak shaving and valley filling by charging during periods of low electricity demand, such as nighttime, and discharging during high-demand periods, such as daytime work hours. This operational strategy stabilizes the grid and reduces supply pressure during peak times. On average, the deployment contributes an annual peak shaving capacity of approximately 128 million kWh, which is equivalent to reducing the consumption of 37,120 tonnes of standard coal and lowering carbon emissions by approximately 108,800 tonnes, based on the emission factor of Jiangsu's grid.

Additionally, the deployment enhances the grid's ability to integrate renewable energy by reducing the curtailment rate of wind and solar power, ensuring that a larger proportion of renewable energy is effectively utilized. The system also provides critical emergency response capabilities, including frequency regulation and black start functionality. During the summer of 2024, the system discharged up to 200MW during emergency peak demand periods, effectively alleviating grid overload risks.

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C&I ESS: Jiangsu Shixiang Biomass Fiber ESS Deployment (江蘇世祥生物纖維有限公司儲能系統部署) – Setting the Benchmark for Operational Efficiency Nationwide (the “**Jiangsu Shixiang Deployment**”)

The Jiangsu Shixiang Deployment is a C&I ESS deployment that has achieved the highest operational efficiency among similar deployments nationwide. It is also the first user-side energy storage initiative in Wujiang, the Jiangsu Province. The deployment has a total capacity of 7.5MW/20MWh using a liquid-cooled system and includes liquid-cooled outdoor battery cabinets, combiner control cabinets, integrated inverter and step-up cabins, a centralized control container, and 10kV switch cabinets.

Our customer of this deployment is Power Construction Corporation of China Hainan Electric Power Design & Research Institute, a subsidiary of a PRC central state-owned enterprise. It is based in Hainan and primarily engaged in consulting, design, construction and management of power generation projects. The customer plays a significant role in the development of new energy and energy storage projects, with particular strengths in offshore wind power, photovoltaic power generation, smart microgrids and integrated energy services. The end user of this deployment is a major central state-owned enterprise focused on clean energy development, widely recognized as a leader in hydropower and renewable energy investments. This deployment serves as the first user-side energy storage project in the Wujiang area.

In this ESS deployment, we served as the project’s core equipment supplier, delivering a comprehensive ESS solution. We provided a 7.5MW/20.127MWh energy storage system, covering the following key components: energy storage battery systems, inverter and step-up devices, electrical prefabricated cabins, and an energy management system. We were also responsible for the system’s installation and commissioning. Construction commenced in July 2023 and was completed in September 2023. This deployment contributed revenue of approximately RMB25.1 million for the year ended December 31, 2023, representing approximately 8.0% of our total revenue for same period.

The deployment plays a vital role in optimizing the energy structure of the Yangtze River Delta region and promoting sustainable development. It achieves this by dynamically adjusting charging and discharging to stabilize power supply for the customer while reducing peak electricity demand on the grid. The system charges during off-peak hours, when electricity is more affordable, and discharges during peak hours to help lower electricity costs for the customer while improving the efficiency of energy utilization.

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In addition, the deployment facilitates orderly electricity usage by enabling the customer to better manage energy consumption. By reducing demand stress on the grid, the deployment supports the optimization of the regional energy structure and contributes to China’s carbon reduction goals.



RESEARCH AND DEVELOPMENT

Overview

Our R&D efforts consistently focus on product performance, new product development, product technology and product ecosystem, addressing the needs of our customers and the end users to ensure that we provide the most suitable solutions and products for different energy storage scenarios.

We have established an R&D center in Wuxi, Jiangsu Province, the PRC, which focuses on the R&D of IoT and AI-optimized platforms, battery development, energy storage EMS dispatch modules, unattended O&M modules and 3S-integrated cluster-controlled inverter systems.

- **Product Performance:** (i) Our strong R&D capabilities enable us to continuously improve and optimize product performance, while reducing costs. For example, in the development of the “Next-Generation 48V/750V Voltage Platform Energy Storage Battery (下一代48V/750V 電壓平台儲能電池)”, we have optimized production processes to increase yield rates, reduce manufacturing waste and lower overall production costs. By refining technical solutions, we have reduced the number of components, minimized battery size and enhanced compatibility with various residential energy storage scenarios, achieving integration with inverters, battery management systems and other components; (ii) for the next-generation inverter product and technology development, we have applied next-generation silicon carbide technology, which features high voltage resistance, low loss and high switching frequency; and (iii) we have enhanced the “3S-integrated cluster-controlled inverter (3S集成集群控制逆變器)”. This system ensures the safe, stable and efficient operation of ESS products by reducing redundant components, optimizing pre-charging, protection and insulation monitoring functions, and

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lowering system costs. The elimination of sub-systems like high-voltage boxes significantly reduces the number of components. Additionally, integrated thermal management and IP65 protection ratings help minimize component failure rates. Our ability to mass-produce highly cost-efficient products ensures that our products achieve strong performance even during the R&D phase. We expect to complete prototype development of our next-generation batteries and inverters by 2026, put laboratories into operation between 2026 and 2027, and achieve broader commercialization from 2027 onwards. For details, see “Future Plans and Use of [REDACTED]” in this document.

- ***New Product Development:*** We are committed to developing new products and tailoring to the needs of different scenarios: (i) our smart gateway enhances communication protocol compatibility, supporting Zigbee, Wi-Fi 6, Bluetooth 5.0 and other protocols. It ensures stable connectivity with various smart residential devices, integration into our AI platform, and robust data encryption to prevent residential energy data leaks; (ii) our smart residential terminal integrates functions such as temperature, humidity and human infrared sensors. It supports remote control via smartphones and scene automation, enabling personalized customization of residential comfort settings; (iii) our smart energy gateway establishes a high-speed energy data processing channel, enabling real-time collection and analysis of data from residential light, storage, charging and heating devices, providing a basis for optimized energy scheduling; and (iv) our “single-cell” local controller allows precise monitoring and control of individual energy storage batteries, improving the overall performance and reliability of our ESS products.
- ***Product Technology:*** Since our incorporation, we have focused on leveraging technological upgrades and adopting new technologies to continuously optimize our energy solutions: (i) we employ algorithms to simulate multiple factors and dynamically allocate photovoltaic power generation, prioritizing daytime excess electricity for heat storage and charging, while utilizing off-peak electricity for nighttime energy storage, thereby increasing residential energy self-sufficiency; (ii) we monitor residential electricity loads on a real-time basis, intelligently adjusting the output of ESS products to smooth peak demand, avoid overload tripping and ensure power stability; (iii) by integrating real-time grid electricity price data, our systems automatically absorb low-cost electricity during negative price periods, reducing electricity costs and addressing extreme market conditions; (iv) combining weather forecasts, we predict the impact of sunlight and temperature on photovoltaic and heat pump performance, intelligently adjusting energy storage charging and discharging plans to optimize energy efficiency; (v) using machine learning, we analyze historical residential electricity usage data and price fluctuations to generate personalized electricity strategies, guiding users to shift usage to off-peak hours and reduce electricity expenses; and (vi) based on big data technology and AI fault diagnosis models, we provide early warnings for battery degradation, equipment failures and abnormal conditions, enabling proactive fault prediction and intervention to reduce maintenance costs.

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- **Product Ecosystem:** We continuously leverage technology to drive the optimization and upgrading of the ecosystem where we operate, collaborating with energy suppliers, equipment manufacturers, system integrators and other upstream and downstream partners to build an industrial alliance. This alliance shares desensitized data, technology and channel resources, expanding energy service business models. Key initiatives include: (i) building a cloud-based platform for massive energy data storage and analysis, deploying smart gateways at the edge for real-time data processing, and enabling terminal devices to execute optimization commands, improving the timeliness of energy management; and (ii) partnering with mainstream smart residential brands, enabling ESS products to interact with lighting, curtains, appliances and other devices to create a fully integrated smart residential energy scenario.

Our R&D Process

We adopt the integrated product development approach for our product design and development management process. This process integrates resources and information across sales, technology/R&D, manufacturing and supply chain departments, enhancing efficiency at every stage from concept to market launch through cross-departmental collaboration, concurrent engineering and structured workflows.

Our management process follows a project management-led approach, creating a project delivery plan that includes product development, procurement, production and quality plans based on market analysis. Before product development begins (concept phase), to increase project delivery agility, we develop a detailed design baseline plan through in-depth analysis of design inputs and rigorous evaluation of product requirements. To ensure design accuracy during formal development, we create a comprehensive design plan specifying tasks, timelines and deliverables for each engineer. We refine this plan using feedback from delivered products, CAE/CFD simulations and technical reviews at each design stage.

After design completion, we create prototypes for evaluation, followed by design optimization and finalization. Once the design is frozen and transferred to production, we conduct trial production to verify large-scale production feasibility, using the trial production report as the milestone for formal production commencement.

To address market volatility and the demand for rapid product launches, we create product-specific frameworks based on design experiences, enabling efficient R&D, iteration of existing product lines and expansion into new product applications.

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Our R&D Team

As of the Latest Practicable Date, we had 122 employees involved in R&D functions. The core members of our R&D team have over 10 years of experience on average in the energy storage industry, enabling us to understand and capture the demands of our customers and/or the end users more accurately.

Our products are primarily self-developed, with a small proportion jointly developed with partners, and certain non-core parts such as cabinet components, cables, and other auxiliary parts, are outsourced to external manufacturers for production under our branding. These non-core components, which are standard and do not involve proprietary technologies, are subject to the Group’s stringent oversight through the selection of suppliers based on strict criteria, such as quality, reliability, and regulatory compliance, as well as regular quality inspections and audits to ensure compliance with the Group’s technical specifications prior to integration into ESS. This approach allows us to focus our R&D capacity and resources on our core areas of expertise, while leveraging on mature technologies and reliable external production for non-core parts.

Our R&D Collaborations

In additions, we have established strong partnerships with universities and research institutions, undertaking various projects to explore and develop innovative technologies. During the Track Record Period, we entered into two agreements with Shanghai Jiao Tong University to formalize our collaboration, namely (i) the Agreement on the Establishment of the Shanghai Jiao Tong University-Guoxia Energy Storage Thermal Management Joint R&D Center, dated December 13, 2023, and (ii) the Technology Development Contract for Lightweight and Batch Production Key Technologies of Battery End Plates, dated August 8, 2023. The joint efforts aim to focus on the R&D of new products, materials and processes in liquid cooling and air cooling innovations for packs of ESS, pack lightweighting and direct cooling technologies. In 2024, we jointly designed and optimized the liquid cooling plate with our partner. While the results and related intellectual property are jointly owned, we and our affiliates have full rights of use and commercialization and retain the corresponding economic benefits, and therefore maintain effective control over the jointly developed products and technologies.

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The major terms of our joint technology development agreement with Shanghai Jiao Tong University include the following:

Major terms	Content
Cooperation model	The two parties shall collaborate for a period of three years. Upon the expiration of the three-year term, the parties may enter into a renewal agreement separately. The two parties shall use the joint R&D center platform to conduct comprehensive and multi-level technical exchanges. The management of the joint R&D center is overseen by a management committee composed of five members: three from the Group and two from Shanghai Jiao Tong University. The committee collectively governs and regulates matters including the establishment and dissolution of the joint R&D center, major investments, significant personnel changes, research directions and project approvals, project progress and evaluation, as well as annual progress reports and financial audit reports. Decisions are made through a one-person-one-vote system within the committee.
Allocation of costs	The Company will provide the total funding for collaborative R&D, which includes the operating expenses of the joint R&D center and the costs for specialized technical project collaborations. The Group is primarily responsible for defining technical requirements and commercialization of results, while Shanghai Jiao Tong University provides academic expertise, research personnel and technical support.
Ownership of intellectual property rights	The new intellectual property rights and related rights and interests developed independently by each of the two parties belong to themselves respectively, and the new intellectual property rights and related rights and interests jointly developed by both parties shall be shared by both parties. Under the Technology Development Contract for Battery End Plates, the Group and its affiliates have long-term, royalty-free rights to use the jointly developed technologies and intellectual property, including selling related products and providing technical services and retaining the corresponding economic benefits. Any third-party use of such intellectual property requires the written consent and authorization of both parties.

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Major terms	Content
Fees	Funding is provided by the Company based on agreed budgets, with payments linked to project progress and deliverables.
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.
Enforceability	The agreements are legally binding and enforceable under PRC law, and the intellectual property rights developed under the agreements are protected in accordance with applicable PRC intellectual property laws.

For the Track Record Period, all of our R&D expenditures were recognized as expenses in the period when such expenses were incurred, and our R&D expenses were RMB3.8 million, RMB16.8 million, RMB31.6 million and RMB16.7 million, respectively. See “Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss – Research and Development Expenses” for details of the rising trend in our R&D expenses during the Track Record Period.

Our Key Technologies

We are dedicated to R&D, which has allowed us to establish a strong foundation of advanced technologies that power our solutions and products. By combining these innovations with our expertise in R&D, manufacturing and supply chain management, we deliver solutions and products tailored to meet needs of our customers and the end users. We are committed to continuously advancing our technologies to ensure our solutions products remain competitive across diverse applications. Below are our seven core technologies:

- ***Energy AI Technology.*** This leverages on dynamic load balancing to optimize power output based on demand with features of fault diagnosis and early warning for proactive issue resolution and intelligent scheduling for dynamic energy allocation.
- ***Inverter Technology.*** This focuses on ensuring compatibility between inverters and batteries to enhance system stability and efficiency.
- ***Energy Storage Battery Platform Design and Development.*** This technology enables efficient power transmission and supports larger system capacities for complex residential scenarios. It also provides flexible, safe and reliable ESS solutions for small-scale residential applications.

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- ***Energy IoT Technology.*** This connects photovoltaics, ESS, EV chargers and heat pumps through an IoT network to facilitate communication between devices. It also provides real-time insights, early fault detection and cost-effective upkeep for long-term operational stability.
- ***Energy Storage EMS Scheduling Module and Unmanned O&M Technology.*** Most maintenance tasks can be completed remotely without requiring personnel onsite, improving O&M efficiency and response speed. This technology enables power stations to flexibly respond to market changes and grid dispatching needs, enhancing overall operational efficiency.
- ***3S-Integrated Cluster Control Inverter Technology.*** This self-developed 3S system ensures the safe, stable and efficient operation of ESS solutions and products through tight collaboration and is also capable of reducing component failure rates, while lowering costs and ensuring high system reliability.
- ***“Single-Cell” Local Controller.*** The “single-cell” local controller enables precise monitoring and control of individual energy storage cells, significantly improving the performance and reliability of ESS solutions and products. This technology addresses market demands for efficient and intelligent ESS solutions and products, driving further advancements in energy storage technology.

PRODUCTION

We operate a single production base located in Wuxi, Jiangsu Province, the PRC, with a total gross floor area of approximately 28,156.01 sq.m., and established quarterly and weekly rolling production planning mechanisms to cover the delivery chain and supply chain level by level and to realize the effective synergy among development, production, supply and sales. Based on order volumes and customer demand, we formulate production plans and guide our upstream procurement plans for materials, components and equipment.

Prior to April 2022, when our Wuxi production base commenced operations, our product offerings were limited to fire safety ESS and charging piles. Although residential ESS products had already entered the R&D stage prior to April 2022, commercial production only commenced after the establishment of our production line in April 2022, with the first export achieved in May 2022. As initial production capacity was still insufficient at the relevant time, we adopted a dual supply strategy that combined in-house production with limited outsourcing. Since the commencement of production of our core products, namely large-scale, C&I ESS and residential ESS, our production has consistently relied on our in-house capacity as the primary support.

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Smart and Flexible Production System

MES System

Connecting the ERP system with workshop equipment, our MES system collects production data on a real-time basis, providing functions such as production scheduling, quality management, equipment maintenance and inventory management. Positioned at the execution level, our MES system bridges the information gap between our ERP system and the workshop control layer. Through real-time data collection and monitoring, it optimizes the allocation of production resources and improves the agility and controllability of the production process.

ERP System

Through a unified platform, our ERP system integrates core business processes within the enterprise, including finance, human resources, supply chain, production, sales and procurement, enabling real-time information sharing and process automation. Our ERP system is able to optimize resource allocation, improve operational efficiency, reduce management costs and enhance decision-making capabilities, thereby boosting overall competitiveness and market responsiveness.

The integration of MES and ERP systems enables management from planning to execution, creating an efficient, transparent and traceable production management environment for us.

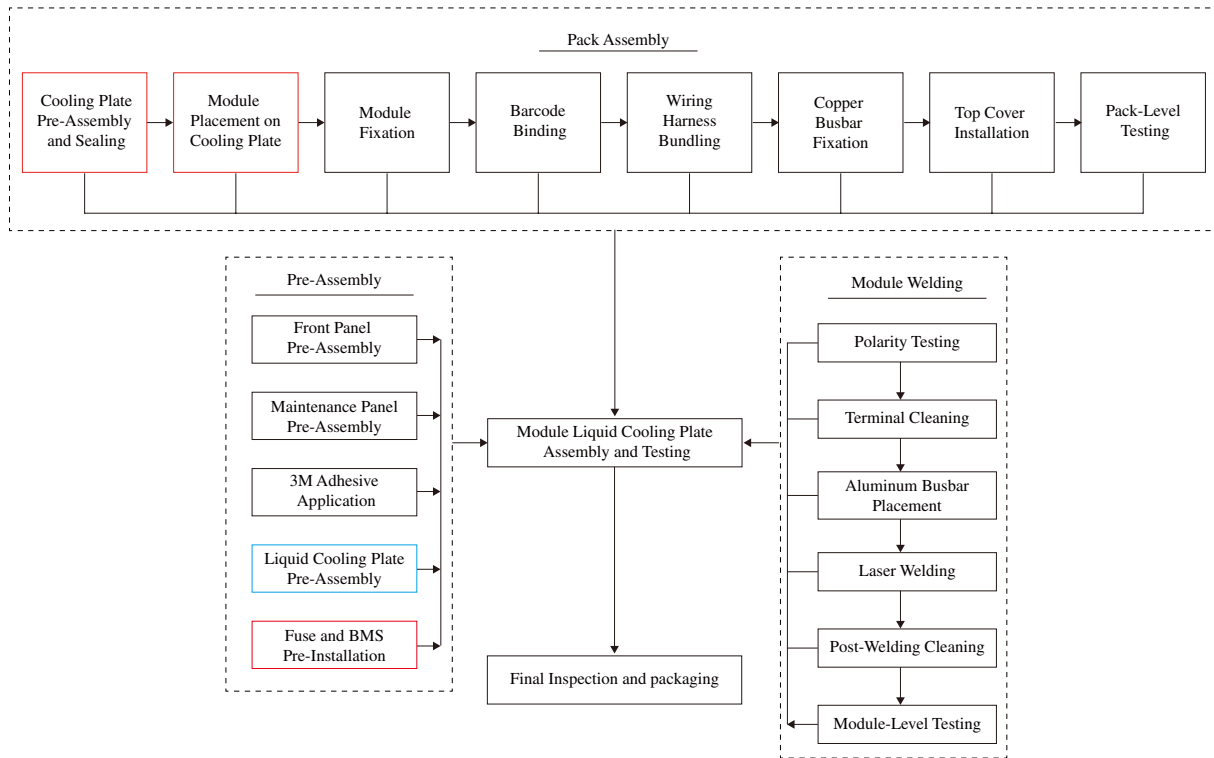
Production Process

We have separate production facilities and processes for the production of different types of ESS products with various check points throughout the entire production processes.

Below are flow charts showcasing the key steps throughout our production process for battery packs of, our two major categories of products from our manufacturing centers. At each key step of our production process, we conduct comprehensive testing to promptly resolve issues and faults as they are identified throughout the production process.

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Large-scale and C&I ESS Products Production Process



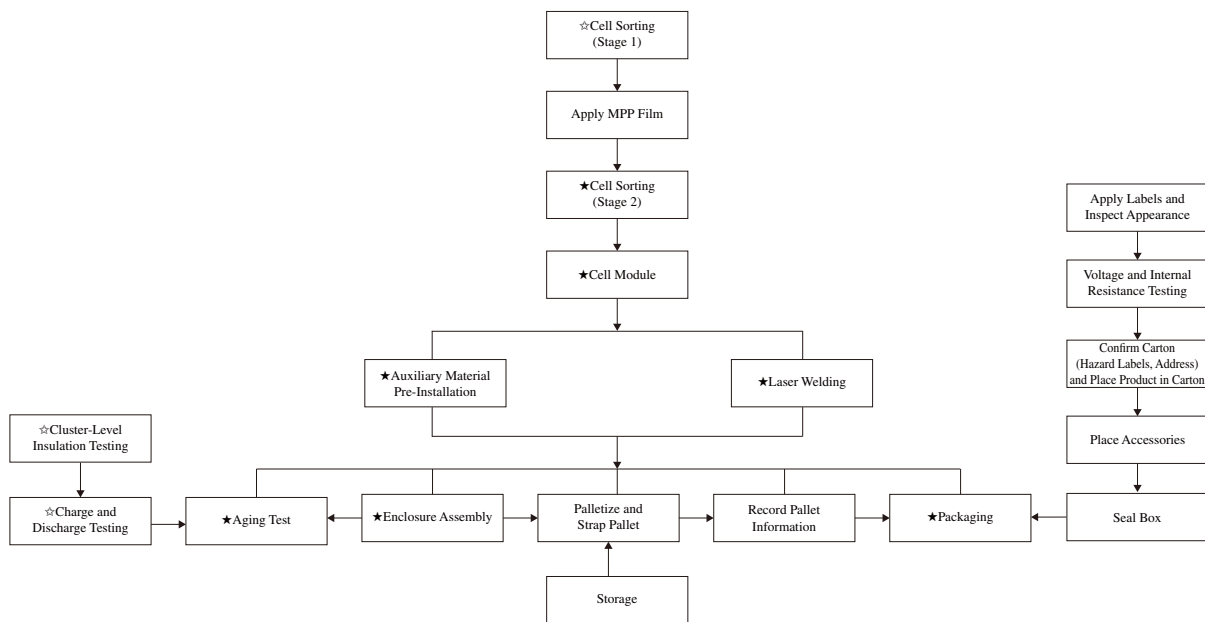
- The blue box indicate that the step is only related to the production process of C&I ESS Products.
- The red boxes indicate that the step is only related to the production process of Large-Scale ESS Products.

1. **Pre-Assembly:** The process begins with the preparation and pre-assembly of structural and electrical components. This includes the installation of the front panel and maintenance panel, which form the external support framework. Adhesive is applied at designated locations to provide additional structural stability. For large-scale ESS products, the fuse and BMS are pre-installed to enable early-stage electrical safety and monitoring. In C&I ESS products, liquid cooling plates are also pre-assembled in this phase to facilitate later integration.
2. **Module Welding:** This stage focuses on the formation of battery modules through precision welding. The cells first undergo polarity testing to confirm correct alignment, followed by terminal cleaning to ensure clean contact surfaces. Aluminum busbars are then placed and connected to the cell terminals via high-precision laser welding. After welding, modules are cleaned to remove any residues and are subjected to module-level testing to verify their electrical performance and structural integrity before moving to the integration phase.
3. **Pack Assembly:** Pack Assembly prepares the modules and ancillary components for final integration. For large-scale ESS products, cooling plates are pre-assembled and sealed before modules are placed onto them. The modules are then fixed in place. Barcode binding is applied to each module to ensure full traceability. Wiring harnesses are bundled to maintain organized and efficient electrical pathways, followed by the installation of copper busbars that complete the internal circuit. The top cover is installed to secure the assembly and prepare it for system-level integration.

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4. **Module Liquid Cooling Plate Assembly and Testing:** This stage serves as the central integration phase where components from the pre-assembly, module welding, and pack assembly stages are brought together. Here, modules are systematically assembled onto the pre-assembled liquid cooling plates to establish effective thermal regulation. Additional materials such as insulation sheets and thermal barriers are installed to enhance safety and durability. The assembled modules then undergo aging tests, simulating long-term usage conditions to validate performance and reliability. Only after passing these rigorous tests do the modules proceed to the final quality control step.
5. **Final Inspection and Packaging:** After all production and testing steps are completed, each battery pack undergoes a comprehensive final inspection.

Residential ESS Products Production Process



Notes ① The process name is marked with “★”;
② Special/key operations are marked with “☆”.

1. **Cell Sorting (Stage 1 and Stage 2):** The production process begins with two sequential stages of cell sorting. In Stage 1, battery cells are initially classified based on core electrical parameters such as voltage and capacity. An MPP (metalized polypropylene) film is applied to improve insulation and protection. In Stage 2, a further refined sorting process ensures that only cells meeting precise quality standards proceed to module formation.
2. **Cell Module Formation:** Sorted cells are assembled into standardized battery modules. This process establishes the foundational energy storage units required for pack integration.

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3. ***Auxiliary Material Pre-Installation and Laser Welding:*** In this stage, two parallel sub-processes are conducted. On one side, auxiliary materials, including thermal pads, insulation layers, and structural supports, are pre-installed. On the other side, laser welding is applied to the battery modules to create strong and stable electrical connections between cells, ensuring safety and electrical performance.
4. ***Enclosure Assembly:*** The welded modules and pre-installed materials are assembled into the final product casing. The enclosure provides structural integrity and safeguards internal components.
5. ***Cluster-Level Insulation Testing and Charge and Discharge Testing:*** Prior to full-system testing, cluster-level insulation tests are conducted to verify the electrical isolation of different battery clusters. Following this, charge and discharge testing evaluates the battery’s energy performance and operational stability.
6. ***Aging Test:*** Battery packs then undergo aging tests designed to simulate real-world usage conditions. This stage assesses long-term performance, reliability, and durability under controlled environmental and operational stress.
7. ***Packaging:*** Once testing is completed, the packs are moved to the packaging line. Key steps include the application of product labels, visual inspection for appearance and structural integrity, internal resistance and voltage testing, and confirmation of all carton labeling requirements (e.g., hazard labels and shipping information). Accessories are installed as needed.
8. ***Palletization and Storage:*** After labeling and quality confirmation, products are sealed in shipping cartons, palletized, and strapped. Pallet information is recorded for tracking purposes. The final products are stored in the warehouse and prepared for distribution.

Existing Production Facilities and their Strategic Site Locations

We produce substantially all of our ESS products by ourselves, which, we believe, allows us to quickly respond to fluctuations in market demands, requests and specifications of customers and/or the end users and evolving technologies in the industry and maximizes our control over product quality. As of the Latest Practicable Date, we operated one production base in Wuxi, Jiangsu Province, the PRC. Prior to 2024, we leased production lines and warehouses at Jin Hui Road 588, Special Steel Industrial Park in Wuxi. In early 2024, we relocated our production facilities to a new production site at Huicheng Road Wuxi, which was leased at the time, and completed the relocation in March 2024. The relocation was primarily driven by capacity expansion needs and the strategic advantages of the new site, which offers more comprehensive infrastructure. The relocation was carried out in phases with equipment transferred in batches to ensure uninterrupted operations, and resulted in a smooth transition with significantly enhanced production capacity at the new Huicheng Road facility compared to 2023. In March 2025, we entered into a lease agreement for a site located at Yuanhe Road, Zhaoyuan Economic Development Zone, Daqing City, primarily designated for office premises. Since June 30, 2025, we have commenced operations at this site for the production of large-scale ESS and C&I ESS products to meet the growing demand in the market.

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The table below sets forth the location, primary products produced and GFA of our production facilities as of the Latest Practicable Date:

No.	Location	Products	GFA
1	No. 9, Huicheng Road, Changan Subdistrict, Huishan District, Wuxi, Jiangsu Province, the PRC	Large-scale ESS, C&I ESS, and Residential ESS products	28,156.01 m ²
2	Yuanhe Road, Zhaoyuan Economic Development Zone, Daqing City, the PRC	Large-scale ESS and C&I ESS products	10,499 m ²

Production Capacity and Utilization

The following table sets forth the production volume, production capacity and utilization rate of our ESS products for the years indicated:

	Year ended December 31,									Six months ended June 30,		
	2022			2023			2024			2025		
	Production Capacity ⁽¹⁾	Actual Production	Utilization Rate ^{(5),(6)}	Production Capacity ⁽²⁾	Actual Production	Utilization Rate ^{(5),(6)}	Production Capacity ⁽³⁾	Actual Production	Utilization Rate ^{(5),(6)}	Production Capacity ⁽⁴⁾	Actual Production	Utilization Rate ^{(5),(6)}
	(MWh)		%	(MWh)		%	(MWh)		%	(MWh)		%
Large-scale ESS Products and C&I ESS Products	-	-	-	250.5	276.9	110.5	1,260.0	1,283.7	101.9	735.0	848.0	115.4
Residential ESS Products	45.5	41.9	92.0	111.6	115.1	103.1	301.2	315.3	104.7	172.8	211.7	122.5
Total	45.5	41.9	92.0	362.1	391.9	108.2	1,561.2	1,598.9	102.4	907.8	1,059.7	116.7

Notes:

- (1) Production capacity for the year ended December 31, 2022 is based on residential ESS products with a daily production capacity of 0.25 MWh, assuming machinery operates eight hours per day. The second and third quarters comprised 120 working days, while the fourth quarter comprised 62 working days, totaling 182 working days for the year. The production line for residential ESS products was established in April 2022, and as the product was newly launched. In 2022, we had not yet commenced production of large-scale ESS products and C&I ESS products. Instead, we provided the technology and production plan arrangements to third-party manufacturers and outsourced the production to them.
- (2) Production capacity for the year ended December 31, 2023 is based on the standard operating schedule of machinery running eight hours per day. For large-scale ESS products and C&I ESS products, production capacity assumes a daily output of 1.67 MWh, with 77 working days in the third quarter and 73 working days in the fourth quarter, totaling 150 working days. For residential ESS products, production capacity assumes a daily output of 0.25 MWh, with 122 working days in the first and second quarters and 126 working days in the third and fourth quarters, totaling 248 working days.

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- (3) Production capacity for the year ended December 31, 2024 is based on the optimal hourly production rate of various machines operating eight hours per day. For large-scale ESS products and C&I ESS products, one production line with a daily capacity of 2.5 MWh was in operation from January to April (totaling 102 working days). Starting from May, a second production line commenced operation, increasing daily capacity to 5.0 MWh (totaling 201 working days), resulting in a total of 303 working days for the year. For residential ESS products, the daily production capacity is 1.2 MWh, with an annual working schedule divided into the first and second quarters, totaling 123 days and the third and fourth quarters, totaling 128 days, summing up to 251 working days per year.
- (4) Production capacity for the six months ended June 30, 2025 is based on the standard operating schedule of machinery running eight hours per day. For large-scale ESS products and C&I ESS products, two production lines were in operation, each with a daily production capacity of 2.5 MWh, resulting in a combined daily output of 5.0 MWh across 147 working days. For residential ESS products, daily production capacity is 1.2 MWh based on a single-shift, six-day work week schedule, also totaling 147 working days during the low season (first and second quarters).
- (5) Utilization rate is calculated as dividing actual production by the production capacity for the same period.
- (6) Production capacity is estimated based on the standard assumption that machinery operates for eight hours per day. However, during peak seasons, to fulfill increased production demand, we may extend operating hours beyond this standard assumption. As a result, actual production may surpass the calculated capacity, leading to a utilization rate exceeding 100%.

Subject to our production capacity and the nature of our work, we may subcontract certain production processes to third-party manufacturers, all of whom are independent third parties. To address production capacity constraints during peak business seasons, we adopt a flexible production strategy by subcontracting labor-intensive assembly processes, such as PACK assembly and energy storage container assembly, to these third-party manufacturers. Such outsourcing is limited in scale and nature, and substantially all of our ESS products are manufactured in-house at our Wuxi production facilities.

Despite subcontracting certain processes, we retain full control over all critical and technically demanding production stages, including technology development, process design, equipment commissioning, and quality testing, which are independently completed by our in-house team in strict accordance with our production standards. We provide the overall technical solutions, system design, on-site testing and acceptance, and delivery of the complete equipment to customers, ensuring that the outsourced steps do not affect our control over the system performance or value output. We remain the primary party responsible for the entire production lifecycle, encompassing technical development, project delivery, and project management.

Our production capacity utilization rate has consistently exceeded 100% during the Track Record Period. To meet increasing customer demand while maintaining delivery schedules and product quality, we ensure that all subcontracted processes adhere to our stringent quality standards. This is achieved through standardized management procedures, which enable us to maintain consistent quality and ensure timely delivery of our products, even during periods of heightened production demand.

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Critical Production Equipment

We procure our production equipment from reputable suppliers in the PRC. The equipment used in our production processes includes (i) standard machinery and equipment readily available in the market; and (ii) customized equipment designed and manufactured based on the specific requirements and designs we provide to our equipment suppliers.

According to CIC, our failure rate is strictly controlled within 2.0% during the Track Record Period, which is within the industry range during the same periods. In the event of potential equipment delivery delays, we will immediately activate emergency response measures, including but not limited to extending production hours or adding production shifts to ensure that the production schedule remains unaffected.

During the Track Record Period, we have not experienced any delays in equipment delivery, or any suspension or malfunction of equipment that has caused a material adverse impact on our business operations.

The following table describes our main production equipment for ESS products:

Equipment	Number	Function/Usage	Expected Remaining Useful Life (Years)
Energy Storage Battery PACK Assembly Line (Large-Scale Storage L1) (儲能電池組裝PACK線(大儲L1))	1	Assembles battery cells into modules and battery packs through processes such as sorting, addressing, welding, and cleaning.	10
Energy Storage Battery PACK Assembly Line (Large-Scale Storage L2) (儲能電池組裝PACK線(大儲L2))	1	Assembles battery cells into modules and battery packs through processes such as sorting, addressing, welding, and cleaning.	8
184 PACK Assembly Line (Residential Storage L3) (184pack產線(家儲L3))	1	Assembles battery cells into modules and battery packs through processes such as sorting, addressing, welding, and cleaning.	9
Battery Testing System (電池測試系統)	1	Conducts charge-discharge cycle testing to verify battery performance and reliability.	8

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Equipment	Number	Function/Usage	Expected Remaining Useful Life (Years)
Battery Testing System (電池測試系統)	4	Conducts charge-discharge cycle testing to verify battery performance and reliability.	9
Battery Testing System (電池測試系統)	2	Conducts charge-discharge cycle testing to verify battery performance and reliability.	10

Expansion Plan

We plan our capacity expansion based on demand for our products from our customers. According to the CIC Report, as it is expected that the newly installed capacity of large-scale ESS products, C&I ESS products and residential ESS products from the perspective of global data, the data of China, Europe and Africa will continue to grow at relatively fast paces in the future, there will be an increase in the demand for our ESS products production capacity. See “Industry Overview – Market Size of Global Energy Storage System Solution Industry” in this document for details.

Since our inception, our production capacity has increased, as customers are more inclined to place orders with providers, who have adequate production capacity to produce high-performance products with competitive prices. During the Track Record Period, we expanded our annual production capacity for all our ESS products significantly, with the total annual production capacity increasing from 45.5 MWh in 2022 to 1,561.2 MWh in 2024, and the total utilization rates of our production lines for all our ESS products increasing from 92.0% in 2022 to 102.4% in 2024. For the six months ended June 30, 2025, our total production capacity amounted to 907.8 MWh, with a utilization rate of 116.7%. However, the average utilization rate of all our relevant production lines has already exceeded 100.0% during the Track Record Period.

In consideration of (i) the PRC Government’s favorable policies supporting the renewable energy industry; (ii) the estimated increasing future demand for ESS solutions and products in the next five years; (iii) the utilization of existing production facility and the seasonality of our production; and (iv) the need to maintain our competitive advantage in the market, we believe that it is necessary to construct additional production lines for our business expansion. We also believe that we can benefit from the economies of scale based on the size of the operations and scale of production capacity, which can enhance our ability to meet customers’ demands.

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We intend to procure two new production lines, together with four sets of test systems, for manufacturing our large-scale ESS product, and one new production line, together with two sets of test systems, for manufacturing our residential ESS products. In addition, we plan to upgrade our existing production facilities and equipment for production of our large-scale ESS product and residential ESS product. Along with the production expansion, we plan to shift to more automated and intelligent production systems than currently in use in order to reduce labor cost as a percentage of our total production cost and improve our production precision for overall quality improvement. For instance, we plan to implement automated production processes in order to reduce the number of employees needed on our production lines and the labor cost as a percentage of our total production costs. By the end of 2026, we anticipate our annual production capacity will reach 5.0 GWh for large-scale ESS products and C&I ESS products combined, and 200,000 units for residential ESS products.

The table below sets forth the details of our three new production lines to be procured as of the Latest Practicable Date:

Location	Total investment to be made	Designed annual production capacity	Construction start time/ Upgrading start time	Estimated time of production commencement	Status
		<i>(GWh for large-scale ESS product/Units for residential ESS product)</i>			
	<i>(HKD'000)</i>				
Large-scale ESS production line No. 1 with two sets of test systems	[22,650]	1.5 GWh	By the end of 2025	In the second half of 2026	Preparation stage
Large-scale ESS production line No. 2 with two sets of test systems	[22,650]	1.5 GWh	By the end of 2025	In the second half of 2026	Not yet started
Sub-total	[45,300]	3.0 GWh			
Residential ESS production line with two sets of test systems	[8,000]	60,000 units	By the end of 2025	In the second half of 2026	Not yet started
Total	[53,300]	3.0 GWh & 60,000 units			

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The abovementioned three new production lines will locate in our owned production base in Wuxi, Jiangsu Province, the PRC, which are expected to have a total gross floor area of 8,000.0 square meters. We plan to fund these expansions with part of the [REDACTED] from the [REDACTED] to settle the full payment of these new production lines, together with the corresponding test systems. See “Future Plans and Use of [REDACTED]” in this document for details. As of the Latest Practicable Date, we have not yet commenced construction work for these new production lines. According to CIC, there is no substantial barrier for us to recruit and retain a sufficient number of qualified employees for our capacity expansion and maintain good relationship with them.

QUALITY CONTROL

We have established a quality control management system that complies with relevant national and international standards, covering, including but not limited to the raw material supply chain and product manufacturing. We strictly implement product safety and quality control standards and take corresponding control measures throughout our entire production process.

We strictly adhere to the framework of the ISO 9001 international standard, while also deeply integrating the requirements of the Chinese GB/T 19001 standard, forming a dual-track management model tailored to our industry.

During the Track Record Period and up to the Latest Practicable Date, we did not receive (i) any fines, product recall orders or other penalties from the relevant competent authorities regarding material product quality issues; (ii) any material product returns from our customers; or (iii) any material complaints from customers. As of the Latest Practicable Date, our Directors and management were not aware of any pending product recalls or investigations/actions by relevant authorities or consumer groups, which may lead to a product recall.

Our Quality Accreditations

As of the Latest Practicable Date, we have received the following certifications with respect to quality control:

<u>Holder</u>	<u>Certifications</u>	<u>Certifying Authorities</u>	<u>Expiry Date</u>
Our Company	GB/T 24001-2016/ ISO 14001:2015 Environment management system	Beijing National Union Standard Certification Co., Ltd.* (北京國聯 標準認證有限公司)	September 20, 2026
Our Company	GB/T 19001-2016/ISO 9001:2015 Quality management system	Beijing National Union Standard Certification Co., Ltd.* (北京國聯 標準認證有限公司)	September 20, 2026

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Holder	Certifications	Certifying Authorities	Expiry Date
Our Company	GB/T 45001-2020/ ISO 45001:2018 Occupational health and safety management system	Beijing National Union Standard Certification Co., Ltd.* (北京國聯 標準認證有限公司)	September 20, 2026
Our Company	Service Certification Certificate	Neutral Quality Connection Certification (Guangdong) Co., Ltd. (中質聯檢認證 (廣東)有限公司)	March 16, 2026
Jiangsu Hanchu	GB/T 24001-2016/ ISO 14001:2015 Environment management system	Beijing National Union Standard Certification Co., Ltd.* (北京國聯 標準認證有限公司)	September 17, 2026
Jiangsu Hanchu	GB/T 19001-2016/ISO 9001:2015 Quality management system	Beijing National Union Standard Certification Co., Ltd.* (北京國聯 標準認證有限公司)	September 17, 2026
Jiangsu Hanchu	GB/T 45001-2020/ ISO 45001:2018 Occupational health and safety management system	Beijing National Union Standard Certification Co., Ltd.* (北京國聯 標準認證有限公司)	September 17, 2026
Jiangsu Hanchu	ISO/IEC 27001:2022 Information security management system	Zhongbiaotong International Certification (Shenzhen) Co., Ltd. (中標通國際 認證(深圳)有限公司)	August 17, 2025

Our Quality Assurance Program

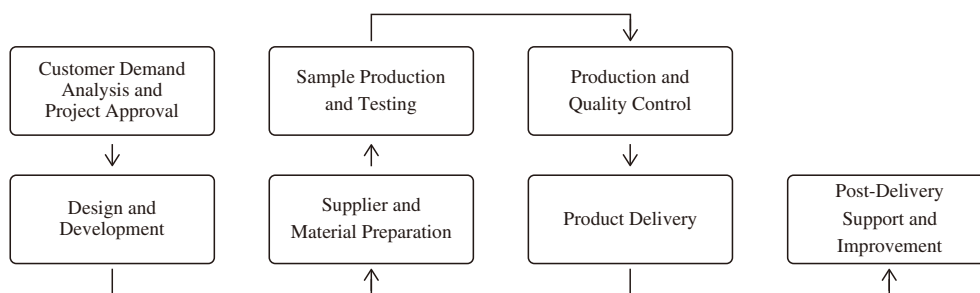
Before the project begins, our multiple departments, together with our management team, review the customer’s requirements, conduct market research and perform a technical feasibility analysis. During the inception stage of project, our technology hub, product hub and digital hub will carry out preliminary design and development, and subsequently collaborate with the supply chain center to review the design proposal. Concurrently, we conduct strict audits of potential suppliers to assess their production capacity, quality management system, environmental protection measures, etc. to ensure that they are able to provide materials and components that are up to our quality requirements. We regularly review the qualification of suppliers to ensure that they continue to meet our quality requirements. All materials and components procured by us must undergo a rigorous inspection prior to warehousing, to ensure that they comply with

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the specified quality standards. The inspection items primarily include appearance, size, performance and chemical composition. For materials and components that do not meet our quality standards, we will immediately segregate them and notify the suppliers to return or exchange such materials and components. See “– Materials, Components and Suppliers” in this section for details on our processes and criteria for assessing our raw material suppliers.

Once the design proposal is approved and the supplies are confirmed, the process of sample production, testing and evaluation will commence. We have developed detailed process documents and work instructions for each production process to standardize the operating procedures, including issuance of the bill of materials, equipment standard operating procedure and standard operating procedure documents, conducting routine sampling inspection of products and regular training for production line employees to ensure that they are qualified for the job, setting up key control points in the production process to monitor key parameters affecting product quality, collecting data during the production process and analyze the fluctuation of the situation.

We have established our product safety and quality control 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. For example, we employ the ERP system to conduct intelligent processing of data and analysis technology for sales, production, procurement and finance. Our full life cycle quality control system for our products from design to after-sales is in line with international standards and customer requirements. The flow chart of specific quality system is as follows:



INFORMATION TECHNOLOGY

We believe that high levels of automation, digitalization and AI integration are essential for maintaining our competitive position and supporting our strategic objectives. In order to improve our overall operational efficiency and sustain our business growth, we have established information technology systems that enable us in planning and managing our procurement, production, financial accounting, enterprise performance and human resource. By incorporating AI technology into these systems, we ensure smart decision-making, real-time insights and continuous performance enhancement, enabling us to adapt swiftly to changing market conditions and meet the evolving needs of our customers and the end users.

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The following two information technology systems are the most critical to our operation and management among our collective integrated information technology systems:

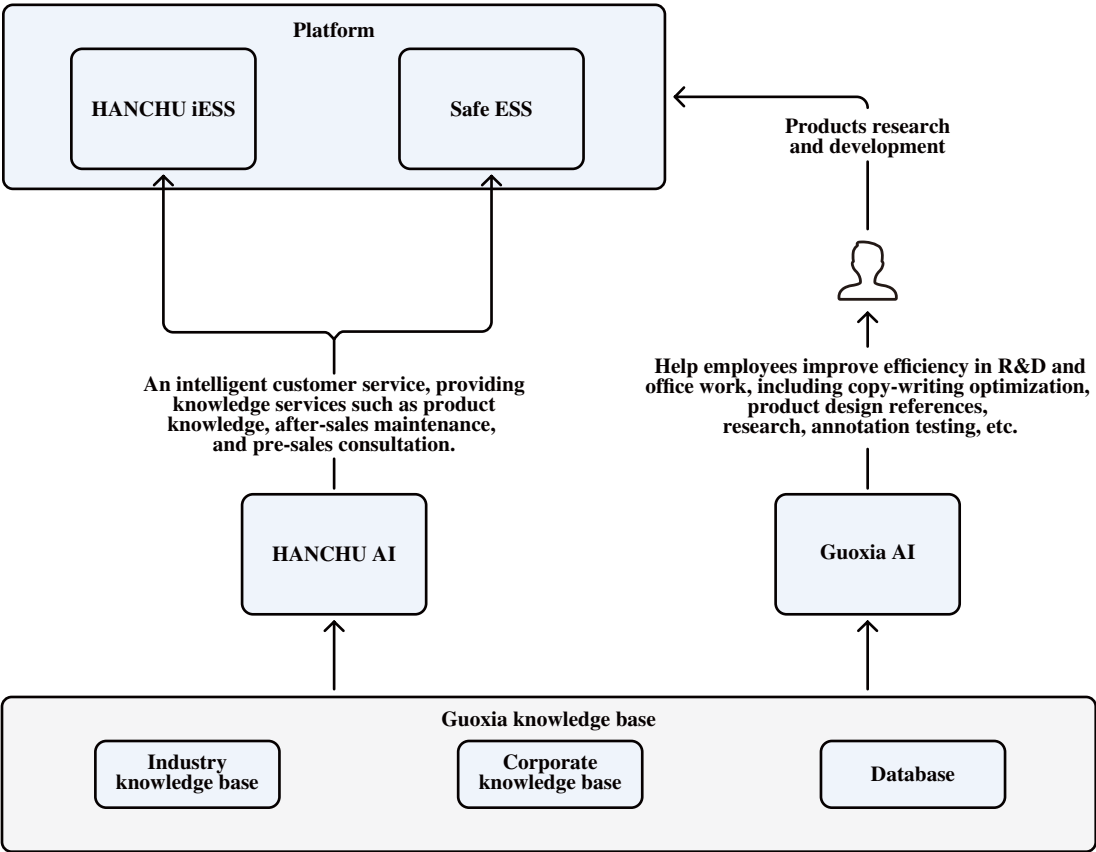
- ***Guoxia AI (果下AI)***: Guoxia AI is an intelligent knowledge assistant based on the large-language model. It strengthens knowledge acquisition by quickly answering various questions encountered by our employees in their daily work, including specialized knowledge and data, helping them acquire the information they need efficiently. Additionally, it simplifies complex tasks and improves overall work efficiency with features such as data organization, document generation, process optimization, meeting minutes recording and translation.
- ***HANCHU AI Assistant (HANCHU AI助手)***: HANCHU AI Assistant is an intelligent tool based on the Company’s proprietary multimodal large model. It integrates an energy-specific fine-tuned vertical large model, supports voice interactions and intelligent predictions, and provides full-process services including pre-sales consultation, product recommendations, installation guidance and troubleshooting. HANCHU AI Assistant is capable of delivering precise answers within seconds, significantly improving the response speed of customer services, enhancing user satisfaction and reducing pre-sales and after-sales labor costs.

In addition to powering internal operations and customer service functions, Guoxia AI and HANCHU AI Assistant are directly integrated into the Group’s self-developed mobile applications, Safe ESS and Hanchu iESS, thereby achieving functional synergies that enhance overall efficiency and service delivery.

- ***Guoxia AI*** is primarily for internal use and is integrated with the Group’s proprietary knowledge base. It assists employees in improving office productivity and R&D efficiency through automated data organization, report generation, workflow optimization, and support for specialized queries. This underpins functions within the Safe ESS app such as data analytics, energy strategy management, and remote operation support.
- ***HANCHU AI Assistant*** is customer-facing and embedded into the Hanchu iESS app. It delivers end-user support for pre-sales consultation, product recommendations, installation guidance, and troubleshooting. It enables voice-based intelligent Q&A and rapid fault resolution, improving user experience while reducing service costs.
- ***Safe ESS*** supports large-scale and C&I ESS solutions by enabling real-time monitoring, system scheduling, and grid integration.
- ***Hanchu iESS***, designed for residential users, leverages HANCHU AI Assistant and other AI functionalities to offer features such as energy usage optimization, remote control, and scenario-based strategy adaptation (e.g., electricity price fluctuations, weather conditions). The integration of these systems into our app ecosystem demonstrates the vertical synergy between our information infrastructure and product-facing technologies, helping us achieve higher efficiency, automation, and user engagement.

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The diagram below illustrates the synergies between these apps and AI systems:



We plan to strengthen our information technology systems to keep up with the growth of our business. By integrating AI technology into our systems, we are able to enhance supply chain management, improve product development and ensure that we are able to meet the demands and preferences of our customers and the end users. We intend to leverage AI technology to support the automation of certain processes, improve data analysis, and facilitate informed decision-making to enhance efficiency and sustainability.

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CUSTOMERS

Major Customers

During the Track Record Period, our customers primarily included energy storage products distributors in the overseas market, and EPC contractors specialized in energy storage projects and power plant developments, as well as batteries and energy storage products manufacturers in the PRC market. These customers utilized our ESS solutions and products and/or engaged our EPC services. We strive to provide high-quality, innovative and reliable solutions and products for our customers and/or the end users, regardless of their size or project complexity. Our ability to serve various stakeholders in China’s renewable energy industry is a testament to the versatility of our solutions and products. We believe our customer-centered solutions and products deliver an ever-improving user experience and improve customer satisfaction, enhancing customer loyalty and stickiness. As a result, we have won numerous market recognitions and word-of-mouth referrals.

Revenue from our five largest customers in each year or period during the Track Record Period accounted for approximately 98.9%, 84.5%, 66.5% and 77.7%, respectively, of our total revenue for the respective year or period. Revenue from our largest customer in each year or period during the Track Record Period accounted for approximately 70.4%, 30.9%, 27.9% and 41.7% of our total revenue for the respective year or period. None of our Directors, their associates or any shareholders of our Company, who or which to the knowledge of our Directors owned more than 5% of our Company’s issued share capital, had any interest in any of our five largest customers during the Track Record Period. For details of our relationship and business with Customer F, see “Business – Supply Chain and Suppliers – Overlapping Customers and Suppliers” in this section.

We believe that the likelihood of any material adverse change in or termination of our business relationship with our five largest customers in each year during the Track Record Period is low, taking into account (i) we have partnered with all of these customers for relatively long periods of time since our inception and have established mutually beneficial relationships with them; and (ii) we are highly involved in their market development and business promotion in the corresponding market process to advance the business expansion together, which enables us to gain a unique and deep understanding of their demands and preference, providing us competitive advantages as compared to our competitors. For risks associated with our major customers, see “Risk Factors – We Derived a Significant Portion of Our Revenue from A Limited Number of Customers during the Track Record Period and may Continue to be Exposed to the Risk of Customer Concentration subsequent to the Track Record Period” in this document for details.

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The following tables set forth the details of our top five customers for each year/period during the Track Record Period.

For the year ended December 31, 2022

Customer	Revenue contribution <i>(RMB in thousands)</i>	Percentage of total revenue <i>(%)</i>	Background and principal business	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
Customer A	99,885	70.4	A company established in UK, principally engaged in the import and wholesale trade of renewable energy products and the provision of smart energy solution services.	Distributor	Distributorship	Residential ESS	2022	30 days	Bank transfer
ZhongTian Energy Storage Technology Co. Ltd.	17,246	12.2	A company established in the PRC principally engaged in the research, design, manufacture and sales of lithium batteries, energy storage system and automotive power products.	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2022	50.0% advance payment within five days after contract signing, 30.0% before delivery, 15.0% upon initial acceptance, and 5.0% within six months after acceptance	Bank transfer
Liwei Lithium Energy (Tianjin) Energy Technology Co., Ltd.* (利偉鋰能(天津)能源科技有限公司)	12,690	8.9	A company established in the PRC principally engaged in the research, design, manufacturer and sales of energy storage products.	Battery and energy storage products manufacturer	Direct Sales	Other ESS	2021	15.0% within three days after contract signing, and 85.0% of delivered goods' payment settled at the end of each month	Bank transfer
Customer B	8,067	5.7	A company established in the PRC principally engaged in power supply services, installation, maintenance, and testing of transmission, power supply, and receiving electrical facilities, electrical installation services	Battery and energy storage products manufacturer	Direct Sales	Other ESS	2020	30 days	Bank transfer
Customer C	2,338	1.6	A company established in the Czech Republic, principally engaged in the import and sale of solar technology products.	Battery and energy storage products manufacturer	Direct Sales	Residential ESS	2022	N/A	Bank transfer
Total	140,226	98.9							

* For identification purpose only

BUSINESS

For the year ended December 31, 2023

Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue (%)	Background and principal business	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
Customer A	97,134	30.9	A company established in UK, principally engaged in the import and wholesale trade of renewable energy products and the provision of smart energy solution services.	Distributor	Distributorship	Residential ESS	2022	30 days	Bank transfer
CALB (Chengdu) Co., Ltd.	71,384	22.7	An associate of CALB Co. Ltd., a company established in the PRC, listed on Hong Kong stock exchange, principally engaged in the research, production, sales, and market application development of lithium batteries, battery management systems, and related integrated products and lithium battery materials.	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2023	50.0% advance payment, 30.0% upon delivery, and 20.0% after acceptance	Bank transfer
Customer D	41,486	13.2	A company established in Singapore, primarily engaged in the manufacture and sale of solar cells	Distributor	Distributorship	Residential ESS	2023	90 days	Bank transfer
Customer E	30,333	9.7	A company established in the PRC, principally engaged in information system integration services. Our Company holds 10.0% equity investment in its holding company.	EPC Contractor	Direct Sales	EPC	2023	30.0% payment after contract signing, 50.0% within five days of battery system delivery, 13.0% after grid connection, 4.0% after project completion, and 3.0% retained as a warranty deposit	Bank transfer
Power Construction Corporation of China Hainan Electric Power Design & Research Institute	25,065	8.0	A company established in the PRC, principally engaged in the consulting, design, construction and management of power generation projects	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2023	10.0% payment within 14 days of contract signing, 70.0% within 7 days of delivery and inspection, 17.0% within 7 days of project completion and acceptance, and 3.0% retained as a warranty deposit	Bank transfer
Total	265,402	84.5							

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For the year ended December 31, 2024

Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue (%)	Background and principal business	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
China Machinery International Engineering Design & Research Institute Co., Ltd.	286,619	27.9	A company established in the PRC, principally engaged in the consulting, design, construction of engineering projects, and the R&D and manufacturing of engineering equipment.	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2024	30 days	Bank transfer
Customer F	105,370	10.3	A company established in the PRC, principally engaged in the research, design and manufacturing of energy storage materials, battery materials, advanced batteries.	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2024	10.0% within 45 days of contract signing, 20.0% within 30 days of material preparation, 40.0% within 30 days of delivery and inspection, 20.0% within 15 days of trial operation, 10.0% within 15 days of final acceptance	Bank transfer
Customer G	100,393	9.8	A company established in the PRC, principally engaged in the consulting, design, development, construction, management and operation of the clean energy projects	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2023	5.0% within 7 days of contract signing, 65.0% after delivery and inspection, 27.0% after installation and acceptance, 3.0% retained as warranty deposit	Bank transfer
Customer D	99,616	9.7	A company established in Singapore, primarily engaged in the manufacture and sale of solar cells and distributor	Distributor	Distributorship	Residential ESS	2023	180 days	Bank transfer
Customer H	90,619	8.8	A company established in the PRC, principally engaged in the design and manufacture of energy storage equipments	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2024	10.0% within 60 days of contract signing, 20.0% within 30 days of order and invoicing, 65.0% within 30 days of delivery and inspection, 5.0% within 60 days of final acceptance as warranty deposit	Bank transfer
Total	682,617	66.5							

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For the six months ended June 30, 2025

Customer	Revenue contribution <i>(RMB in thousands)</i>	Percentage of total revenue <i>(%)</i>	Background and principal business	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
Customer H	288,134	41.7	A company established in the PRC, principally engaged in the design and manufacture of energy storage equipment	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2024	10.0% within 60 days of contract signing, 20.0% within 30 days of order and invoicing, 65.0% within 30 days of delivery and inspection, 5.0% within 60 days of final acceptance as warranty deposit	Bank transfer
Customer F	108,691	15.7	A company established in the PRC, principally engaged in the research, design and manufacturing of energy storage materials, battery materials, advanced batteries.	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2024	10.0% within 45 days of contract signing, 20.0% within 30 days of material preparation, 40.0% within 30 days of delivery and inspection, 20.0% within 15 days of trial operation, 10.0% within 15 days of final acceptance	Bank transfer
Customer D	58,340	8.4	A company established in Singapore, primarily engaged in the manufacture and sale of solar cells and distributor.	Distributor	Distributorship	Residential ESS	2023	180 days	Bank transfer
Customer A	44,505	6.4	A company established in UK, principally engaged in the import and wholesale trade of renewable energy products and the provision of smart energy solution services.	Distributor	Distributorship	Residential ESS	2022	90 days	Bank transfer
Customer I	37,404	5.4	A company established in the PRC, principally engaged in the investment, construction and operation of energy storage power stations, and the integration of wind, solar, charging and storage systems.	Battery and energy storage products manufacturer	Direct Sales	Large-scale ESS	2025	45.0% at least 3 working days prior to delivery, 30.0% within 10 days of arrival or 7 days of acceptance (whichever is earlier), 20.0% within 90 days of project completion or 10 working days of grid-connection acceptance (whichever is earlier), 5.0% 12 months after grid-connection acceptance as warranty deposit	Bank transfer
Total	537,074	77.7							

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Relationship with Customer A and Customer D

Customer A was introduced to our Group in 2021 through a mutual acquaintance when our Group was preparing to launch residential ESS products in overseas markets, particularly in Europe and Africa. Considering Customer A’s established track record in distributing ESS and related products in the UK market, our Group appointed it as its exclusive distributor in the UK. Sales under this arrangement commenced in 2022 following the establishment of our Group’s production facility for residential ESS products.

The controlling shareholder of Customer D, who has extensive logistics and warehousing networks in South Africa, for the trading of ESS products in Africa and the business partner of the controlling shareholder, who has established customer networks in South Africa, were introduced to our Group in late 2022 to explore potential collaboration as part of our Group’s expansion into the African residential ESS market. Following discussions and an assessment of their backgrounds, experience and operational capabilities, including proven expertise in international logistics, customs clearance and inventory management in multiple jurisdictions, our Group determined that Customer D met its selection criteria for distributors. Customer D was appointed as our Group’s exclusive distributor in Africa in 2023 and is responsible for marketing, sales, training support and after-sales services in the region, and has since focused on the promotion and distribution of our Group’s ESS products in African markets.

In addition to acting as our Group’s sole distributor in Africa, Customer D was involved in certain project-related collaborations with our Group during FY2024. Following the undertaking of the EMC project, Customer D entered into two EPC contracts with our Group through its project company established in the PRC in August 2024 for the construction of a rooftop PV power station, with an aggregate contract value of approximately RMB30.7 million. Our Group commenced the construction of the two EPC projects in the second quarter of 2025 and the two EPC projects were completed as of June 30, 2025.

At the relevant time, Customer D did not have suitable personnel in the PRC to fulfill local registration requirements for its wholly-owned PRC subsidiary and second-tier PRC subsidiary. To facilitate the timely setup and operation of its PRC subsidiaries, our Group temporarily assigned two employees to act as executive director and supervisor, respectively, of the PRC subsidiaries. This arrangement was made solely to assist Customer D in meeting local legal and regulatory requirements and to support its initial establishment and compliance needs, such as business registration and bank account opening. It was a one-off and temporary facilitation measure and was not contingent upon Customer D making purchases from our Group nor did it involve any substantive transaction consideration. These two employees were subsequently replaced by Customer D’s own personnel after the completion of the relevant local registration of its PRC subsidiaries.

To the best knowledge of our Directors, after making reasonable inquiries, save for the relationships disclosed in the document and the following additional arrangements with Customer D, our Group confirms that there are no other past or present relationships (including, without limitation, family, business, employment, financing, trust, shareholding or otherwise) between the top five customers during the Track Record Period and their directors and shareholders, with the Company or its subsidiaries, their controlling or substantial shareholders, directors, supervisors or senior management, or any of their respective associates.

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Customers, sales and distribution

Taking into account the actual needs and requirements of our customers and the end users in the PRC market and the overseas markets, we adopt different sales models.

PRC market

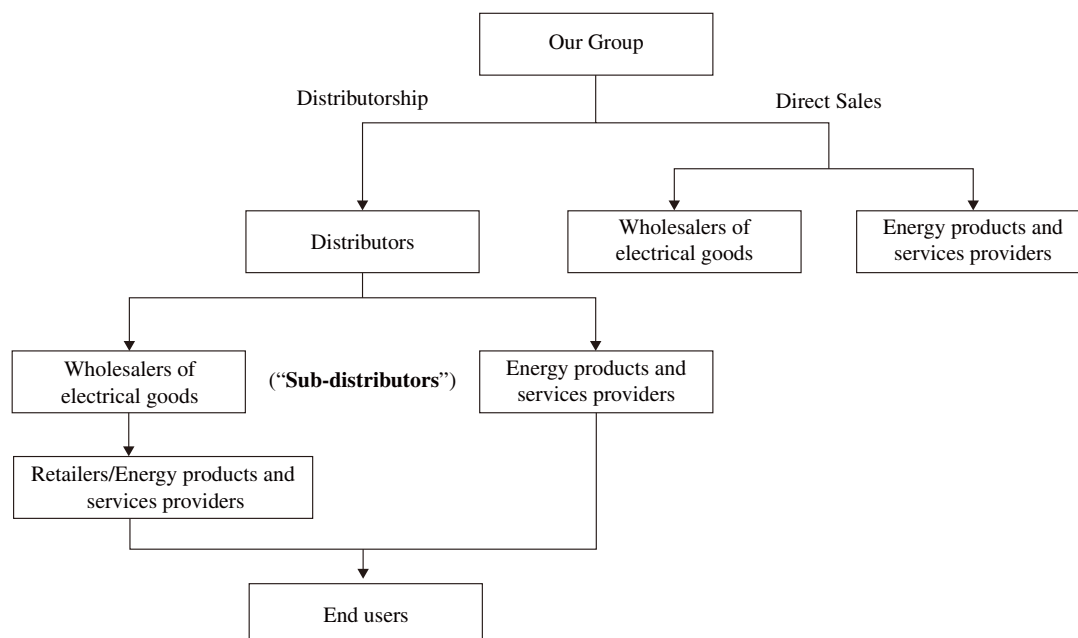
We directly sell our ESS solutions and products to corporate clients, including EPC contractors specialized in energy storage projects and power plant developments, and batteries and energy storage products manufacturers. During the Track Record Period, we did not engage any distributors to sell our products in the PRC.

The end users of our ESS products and solutions in the PRC primarily include power generation groups, grid companies, power construction companies, power system operators, and high-energy-consuming enterprises such as steel plants, manufacturing factories and data centers.

Overseas markets

In overseas markets, we primarily rely on partnership with our distributors in overseas markets to sell our ESS solutions and products, which sell our residential ESS solutions and products in the ordinary course of their businesses to reach overseas residential end users. We engage our distributors for their regional sales resources, pre-existing and long-term relationships with local businesses in the overseas markets. All of our distributors are enterprise and business customers, none of our distributors are individuals and we did not have any business transactions with individual customers.

The following diagram set forth the products flow of our business model in the overseas markets:



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Our relationship with our distributors is a buyer and seller relationship as distributors acquire ownership of the ESS products we deliver to them, and no return, exchange or refund is allowed except for quality defects or damage during the transportation. According to CIC, adopting distributorship model for our overseas markets is in line with industry norms. Our distributors sold our products to wholesalers of electrical goods and energy products and services providers (“**Sub-distributors**”). Wholesalers of electrical goods distributed extensive range of top branded products from various manufacturers and the wholesalers of electrical goods may further sell to retailers and energy products and services providers for the marketing and sales of our products to end users. Energy products and services providers primarily engaged in design, installation, and maintenance of solar photovoltaic (PV) systems and ESS for commercial and residential properties. In general, there are two to three layers before the Group’s products reached the end users. At a de minimis level, we also directly sell our ESS solutions and products to wholesalers of electrical goods and energy products and services providers without the use of distributors. The group of wholesalers of electrical goods and energy products and services providers generally do not overlap with those sub-distributors in the distributorship model.

Our Directors confirm that despite the intensifying trade war between China and the US, there was no material impact on our business operations or financial performance during the Track Record Period. This is primarily because we do not operate in North America, a key region affected by the trade war, and our overseas markets are mainly concentrated in Europe and Africa, which are less impacted by trade war tariffs and restrictions.

The table below sets forth a breakdown of revenue by sales model in the PRC market and overseas markets for the periods indicated:

	Year ended December 31,						Six months ended June 30,	
	2022		2023		2024		2025	
	Revenue (RMB in thousands)	% of total revenue	Revenue (RMB in thousands)	% of total revenue	Revenue (RMB in thousands)	% of total revenue	Revenue (RMB in thousands)	% of total revenue
Direct Sales								
– PRC	39,608	27.9	175,687	55.9	819,084	79.9	565,192	81.8
– Overseas	2,338	1.7	–	–	5,997	0.6	2,841	0.4
Distributorship								
– PRC	–	–	–	–	–	–	–	–
– Overseas	99,885	70.4	138,620	44.1	200,532	19.5	123,337	17.8
Total	141,831	100.0	314,307	100.0	1,025,613	100.0	691,370	100.0

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Direct Sales

For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, our revenue generated from direct sales was RMB41.9 million, RMB175.7 million, RMB825.1 million and RMB568.0 million, respectively, representing 29.6%, 55.9%, 80.5% and 82.2% of our total revenue for the same periods, respectively.

We generally enter into agreements with our customers in direct sales in the PRC market. Set forth below are the key terms of the agreements we typically enter into with such customers:

- **Products:** Details of the description, quantity, brand and trademark, specifications and manufacturer of the products shall be presented in tabular form in the agreement.
- **Quality:** The products shall comply with the national standards and industry standards of China, meet the design specifications and drawing requirements, adhere to environmental protection laws and regulations, as well as GB/T24001–2016 and GB/T45001–2020 standards. The product quality warranty period is two years, effective from the date of receipt of such products.
- **Payment and credit terms:** Our customers in direct sales typically settle with us through bank transfer, banker’s acceptance, powerchina credit voucher, cloud credit, agency payment and other supply chain payments. We typically grant our customers in direct sales up to six months for banker’s acceptance, powerchina credit voucher, cloud credit, agency payment and other supply chain payments. In addition, depending on the customer profile and specific terms of the agreement, we generally require advance payments ranging from approximately 10.0% to 50.0% of the total contract amount, typically within up to 60 days following the execution of the relevant sales agreement.
- **Delivery of products:** We would engage third-party logistics companies to deliver products to our customers in direct sales. The logistics costs are generally borne by us.
- **Transfer of risks:** Risks are transferred to these customers after they confirm receipt of such products.
- **Pricing policy:** We sell our product to our customers in direct sales at price levels that have been mutually agreed by us and these customers. In limited circumstances, we provided best price guarantee for certain major customers. The best-price guarantee represents our contractual commitment that the product pricing under relevant sales agreements will remain competitive or lower compared to the prices of comparable products over corresponding periods. We provide such preferential pricing to major customers that require additional price protection based on their sizable procurement volumes from us. During the Track Record Period, there were no compensation payments incurred in connection with our contractual best-price guarantee obligations for such major customers.
- **Product returns:** Our customers in direct sales are entitled to return products to us for quality issues.

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- **Termination:** If we cannot deliver the products as agreed specification and time as specified in the agreement, our customers are able to unilaterally terminate the agreement. If we are unable to deliver the products due to force majeure and fail to deliver within the postponed period, the corresponding customer has the right to unilaterally terminate the agreement.

Distributors

Consistent with market practice in the industry, we primarily sell our ESS solutions and products through distributors in the overseas markets. As of June 30, 2025, we have established a robust distribution network across Europe, Africa and the Middle East, comprised of 10 distributors covering 13 countries, including but not limited to the United Kingdom, Zambia, South Africa, the Netherlands, Zimbabwe, Germany, Hungary, Italy and Sweden. In selecting our distributors, we consider factors such as their industry experience, financial conditions, marketing capabilities, warehousing and delivery capabilities, business scales and the breadth and quality of sales network.

Our distributors in the overseas markets, particularly in Europe and Africa, possess extensive experience in the renewable energy industry and have a thorough understanding of the installation standards, safety requirements and relevant laws and regulations with respect to ESS solutions and products. A certain number of our distributors have professional installation teams, which are capable of ensuring the stable operation of ESS solutions and products in residential settings. They maintain diversified sales channels and networks in the corresponding local markets, enabling them to expand potential customer bases through a combination of online and offline methods, while ensuring the rapid deployment and installation of ESS products. These distributors directly serve the corresponding end users and have a precise understanding of the key challenges faced by these end users. They are capable of customizing ESS solutions based on the number of residential members, number of electrical appliances and electricity consumption habits, thereby meeting the personalized electricity security and energy conservation needs. Moreover, they have a relatively comprehensive understanding of the local market’s policy dynamics and competitive landscape.

During the Track Record Period, we have maintained good business relationships with our distributors. The table below sets forth the movement in number of our distributors during the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Number of distributors at the beginning of the period	N/A	1	2	8
Number of new distributors	1	1	6	2
Number of distributors at the end of the period	1	2	8	10

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The significant increase in the number of distributors at the end of 2024 was primarily due to the expansion of our business in Europe and the Middle East, where we gradually developed new overseas markets and established business relationships with a new distributor in each of Germany, Netherlands, Greece, United Arab Emirates, Saudi Arabia and Vietnam for the year ended December 31, 2024, respectively.

During the Track Record Period, we have not terminated any of our distribution relationships. All distributors have continued to operate in compliance with our distribution agreements and policies, and no terminations occurred due to performance issues, violations or other reasons.

Key Contractual Terms with Distributors

We typically enter into distribution agreements with our distributors, which specify terms including payment method, pricing policies, designated distribution area and delivery arrangements. Set forth below are the key terms of the standardized distribution agreement we typically enter into with our distributors:

- ***Term and termination:*** Our distribution agreements are valid for an initial term of 36 months from the effective date and automatically renew for an additional 12-month period unless terminated by either party in writing. Either party may terminate the agreement with written notice if the other party commits a material breach which is not remedied within a specified period, or becomes insolvent. We typically assess the credit profile of newly engaged distributors and, depending on the circumstances, determine whether advance payments are required.
- ***Predetermined sales territory:*** We appoint distributors as exclusive distributors within a specified geographic area (the “**Territory**”). Distributors are prohibited from distributing our products outside the assigned Territory without our prior written consent.
- ***Sales targets:*** We set sales targets for distributors for specific periods, which are to be agreed upon in separate agreements. These targets do not constitute mandatory purchase obligations, and we will not terminate the agreement solely because a distributor fails to meet such targets.
- ***Order placement and pricing:*** Distributors must notify us in writing before placing purchase orders. The terms of orders, including product specifications, sales quantity, unit price, delivery terms, payment terms, dispatching date and warranty terms, must be agreed upon in writing through contracts, invoices, purchase orders or other legally binding documents.
- ***Payment and delivery:*** The time, manner and terms of both payment and delivery, including any applicable credit terms, are to be mutually agreed upon in writing. The title to products and risks associated with delivery are transferred in accordance with Incoterms confirmed in the relevant documents.

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- ***Product returns and exchanges:*** Returns or exchanges are permitted only if products are defective. Distributors must submit written applications within 30 days of delivery, together with details of non-conformity and a supporting surveyor’s report. We bear the costs of such return or exchange.
- ***Sub-distribution:*** Distributors shall not sub-distribute our products without our prior written consent.
- ***Intellectual property rights:*** Distributors may use our brand, trademarks and business name exclusively for distribution and promotion within the Territory, provided prior written approval is obtained. Distributors shall not expand the scope of use or authorize third parties to use our intellectual property. We reserve the right to revoke such usage at any time.
- ***Operational support:*** We provide operational support, including on-site or online training on installation and maintenance, as well as other technical support for distributors and their sub-distributors (if any) and end users.
- ***Distributor management:*** Distributors are required to comply with our internal Distributor Management Policy. We may terminate the agreement if the distributor fails to comply with this policy.
- ***Indemnity:*** Distributors are required to indemnify us and our affiliates against any losses or damages arising from their breach of the agreement.
- ***Warranty and compliance:*** Both parties warrant that they are duly authorized to enter into the agreement and undertake to comply with applicable laws, including anti-corruption, anti-money laundering, and sanctions regulations.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, there was no material non-compliance with the terms and conditions of our distributor agreements and policies, and we had no returned products from distributors during the Track Record Period and up to the Latest Practicable Date.

Robust Distributor Network Management

Anti-cannibalization

We have formulated general guidance and detailed working principles in relation to the operation of our distributors to ensure distributors understand and adhere to our sales strategies and policies. To minimize the risk of channel cannibalization, we have adopted the following measures: we conduct comprehensive market research to determine and limit the number of distributors in a particular sales region, with such geographic limitations further reflected as a standard term in our distributor agreements. Furthermore, as all our residential ESS products, such as the “HESS-HY-S” series, can be connected to the internet. However, in practice, such connectivity is more common in markets like Europe, while it is

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generally less adopted in certain regions such as Africa. After connecting to the internet, we are able to identify the country in which the products are used and the time of their activation. We do not collect or track specific location data or users’ personal IP address information. This capability allows us to monitor and better manage our distribution channels, effectively preventing channel cannibalization.

Sub-distributors

We allow our distributors to engage sub-distributors within their designated sales territories, subject to our prior consent, to assist in the marketing and sales of our products to end users and to organize promotional events to promote our products.

Our distributors oversee and manage their sub-distributors pursuant to written agreements and are responsible for screening them through background checks. To ensure compliance with applicable regulations, our distributors are prohibited from imposing mandatory minimum sales targets or setting fixed sales prices for sub-distributors in jurisdictions such as the United Kingdom.

We do not conduct direct background checks on sub-distributor. Instead, we implement risk management measures through account permission controls on our operational platforms. While we provide guidance to distributors on managing their sales channels, the structure and operations of sub-distributors are determined by the distributors themselves. To prevent our distributors from further developing sub-distributors on their own, our distributor supervision team and distributor management and service team regularly conduct research on sellers who sell our products in the local markets and confirm such sellers’ distributor status with us. In the event that our teams determine that relevant sellers are not part of our distribution network, they would conduct further investigations into whether such sellers are unauthorized sub-distributors. In addition, we also conduct regular inspections for suspicious activities indicating distributors’ actions to further develop sub-distributors on their own. In particular, our distributor supervision team and distributor management and service team regularly conduct investigations into unauthorized sales of our products by third parties, and trace distributors who sell our products to these unauthorized sellers.

To the best knowledge of our Directors, all of our distributors and their respective sub-distributors are Independent Third Parties.

Anti channel stuffing

Although our relationships with distributors are based on a seller-buyer model, in order to ensure that our sales correspond to actual market demand and mitigate the risk of channel stuffing in our distribution network, we have been implementing measures to monitor subsequent product sales, such as through connecting our products to our network as part of the initialization process, enabling us to collect end user installation data and provide valuable insights into local market demand and requiring our distributors to comply with the credit period terms according to the distribution agreements, while reducing the risk of channel stuffing. Our customers are not entitled to return products (including unsold or obsolete goods) unless they are defective and we did not receive any material product returns from our

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customers. In addition, we encourage all our end users to be continuously connected to the internet to keep the system updated and to monitor the product’s operating status, with such background connectivity statistics also serving to verify sales.

Sales and Distribution Management Team

We also rely on our sales team to manage our sales and distribution networks. As of the Latest Practicable Date, our sales team of our residential ESS products and solutions were comprised of 23 members. During visits to our distributors, our sales team conducts physical inspections, communicates with our distributors to understand their sales plans, monitors their pricing policies and provides necessary training to facilitate their sales performance and avoid accumulation of inventory. Specifically, our sales team provides guidance each month to help distributors formulate regional promotional campaigns. We also encourage distributors to hold local product promotion or order-placing events. We continuously adjust and optimize our sales strategy to cope with changing market conditions based on market intelligence and customers’ feedback collected by our sales team and provide guidelines and working principles to our distributors. Based on the sales performance of distributors, we may consider enhancing, weakening or even terminating our distribution relationships with them.

We formulate and implement stringent policies to prevent existing employees from working for or owning equity in any of our distributors. Our internal control policy ensures equal treatment of our distributors. To the best of knowledge of our Directors, there was no employment, financing, family or other relationship between our distributors (including their directors, shareholders and senior management, and their respective associates) and us during the Track Record Period and up to the Latest Practicable Date.

Pricing

We set our sales prices taking reference to various factors including raw material costs, production overheads, order volumes, delivery requirements, warranty offered, competitors’ pricings, prevailing market conditions, payment methods and specification of products requested by customers. Our distributors are required to follow our pricing policies with product prices and can slightly adjust the price of the products where appropriate to reflect local competition. However, if distributors deviate substantially from our pricing policies and sell our products at prices lower than our supply prices, we are entitled to increase our distribution price, terminate or reduce incentives, discontinue supply or terminate the distributorships.

For determining the pricing policy of our large-scale ESS solutions and products, we also generally take into account of specific factors, which primarily include (i) cost-plus pricing policies, which are determined based on battery cell costs (per Wh), with additional charges for system integration, BMS/PCS hardware costs and a reasonable gross profit margin; (ii) bid-based pricing, which is generally applied in tender projects and benchmarked against industry averages, taking into account of economies of scale in procurement and technology-driven cost reductions; and (iii) differentiated pricing for specific requirements, such as premium pricing is applied for high-safety requirements (for example, the liquid cooling systems) or special functionalities (for example, grid-forming energy storage systems).

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With respect to determining the pricing policy of our C&I ESS solutions and products, we also generally take into account specific factors, which primarily include (i) IRR (Internal Rate of Return)-based pricing, which is generally based on the local peak-valley electricity price differences to estimate the customer’s payback period and align with their target IRR; (ii) lifecycle service pricing, which include long-term services (for example, operations and maintenance, capacity degradation guarantees), and are generally priced at a premium due to the added value of these services; and (iii) pricing policies are adjusted based on customer order volume, with larger orders of our products receiving more favorable pricing policy.

For the pricing policy of our residential ESS solutions and products, we also generally take into account of specific factors, which primarily include (i) market-specific and customer-specific costs, with a reasonable profit margin added based on economies of scale; (ii) prices are benchmarked against leading brands in the corresponding market; and (iii) additional premium pricing is applied for value-added services, leveraging our platform and after-sales service capabilities.

For our EPC services, we also generally take into account of specific factors, which primarily include (i) pricing is broken down into components, such as equipment procurement, construction, design, operations and maintenance, and then aggregated into an overall price; and (ii) for major customers with strategical partnership relationships, competitive pricing may be offered in exchange for priority in their subsequent projects.

Sales and marketing

Our products are sold under the brand of “Hanchu”. As of the Latest Practicable Date, we had 101 employees in sales and marketing, focusing on business development, customer service, brand promotion and sales contract management. For key market players, we have specific sales force working on their profile and requests. Our sales and marketing teams also seek to expand our customer base through presenting our strength and showcasing our products at industry conventions and online channels.

Our customer acquisition and sales process mainly involve the following aspects:

- ***Identifying and targeting potential customers:*** We conduct detailed market research and analysis to identify prospective customers in our target industries and regions. By understanding their business needs, preferences and challenges, we create a focused list of potential customers to approach.
- ***Visiting customers and building relationships:*** Our sales teams arrange customer visits, both in person and virtually, to establish trust and rapport. These interactions allow us to better understand customer needs and demonstrate how our products satisfy their requirements. We strive to build long-term relationships through consistent communication and support.
- ***Communicating project proposals and securing project approval:*** We present tailored project proposals with detailed solutions, pricing and timelines that align with customer requirements. During this process, we address customer concerns and finalize terms to secure project approval and initiate development.

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- ***Delivery, review, testing, and validation of samples:*** Upon approval, we deliver samples for customer testing and validation. Feedback from customers is incorporated to ensure the final product meets their expectations. This stage is critical to ensure product quality before proceeding to large-scale production.
- ***Order execution and delivery:*** After receiving confirmed orders, we coordinate with production and logistics teams to ensure the timely and accurate delivery of products. We also maintain clear communication with customers throughout the process to address any potential issues.
- ***Payment settlement and after-sales service:*** Following delivery, we handle payment settlement based on agreed terms. Our after-sales service team remains available to address customer concerns, provide technical support and manage returns or replacements to ensure continued customer satisfaction.

Customer Service

We believe that provision of timely and quality customer-centric service is one of our major strengths. Through flexible and integrated customer service and support, we are able to simultaneously increase customer satisfaction and our brand image and value. For our customers in the PRC market, we primarily provide dedicated long-term services, including on-site technical services, data monitoring services and solutions to improve operation and maintenance capabilities, which will shorten fault handling time and increase the operational efficiency of our products on-site. For our customers in the overseas markets, which are primarily our distributors, we primarily provide training and authorization services to reduce their initial investment and accelerate profitability.

We also use our AI-optimized platform to integrate customer service support, scenario-based functions and tools for 24/7 remote monitoring and diagnosis services, solving our customers’ needs. Our professional and rapid customer service, including but not limited to installation, commissioning, operation and maintenance and fault handling services help increase our customers’ satisfaction and in shaping the customers’ purchase decision.

We generally offer product warranties of two to three years, which, if agreed by us, may be extended up to five years. Our product warranties typically cover defects in our products and conformity with specified product design, materials, workmanship, assembly and commissioning. If our products are defective under the warranty terms, we may, at our discretion, repair or replace the defective products.

We generally do not allow our customers to return or exchange product with reasons other than quality issues. During the Track Record Period and up to the Latest Practicable Date, we did not, due to material product quality issues, (i) receive fines, product recall orders or other penalties from PRC Government; (ii) receive any material product return request from our customers; or (iii) receive any material complaints from our customers. As a result, we did not record any provision for product warranty during the Track Record Period and up to the Latest Practicable Date.

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SUPPLY CHAIN AND SUPPLIERS

Procurement and Supplier Selection Process

Our procurement department is divided into three main modules: direct production material procurement, indirect production material procurement and fixed-asset procurement.

Direct production material procurement refers to the purchase of raw materials or components that are directly used in the manufacturing or production process, such as lithium battery cells and other materials integrated into our products. Indirect production material procurement, on the other hand, involves sourcing materials or components that are not directly part of the final product but are necessary to support the production process, such as tools, consumables, or equipment.

Our procurement process involves coordination among multiple departments including the finance department, materials and planning department, supply chain management department and demand department. Upon the procurement requests submitted by our demand department, we select suitable suppliers and appropriate procurement methods. We will sign procurement contracts with selected suppliers and track purchase orders. After receiving the procured materials and equipment, we will conduct a receipt inspection and arrange warehousing, handle disqualified product returns and process invoicing and payments. Additionally, our procurement department continuously introduces new suppliers, maintains a list of qualified suppliers, conducts annual audits and monthly evaluations for our suppliers.

We have established a supplier management control procedure (供應商管理控制程序) that mandates joint responsibility among procurement, technical and quality teams for evaluating potential suppliers, conducting qualification and on-site assessment. After approval, suppliers submit samples for technical validation. The SQE team leads production part approval process assessment to ensure supplier's manufacturing processes, quality control and production capabilities meet our requirements. Approved suppliers are added to our approved supplier list (合格供方名錄) for procurement cooperation. We regularly review and assess suppliers and their products. Unsatisfactory corrective actions may lead to suspension or termination of their qualification. Unless to meet customer's specific requirements, we have alternative suppliers for all key materials and components. Suppliers for mass production are the same type as those in the project development stage, providing identical materials and components to ensure supply chain stability.

Major Suppliers

During the Track Record Period, our suppliers primarily consisted of battery cell manufacturers. Our top five suppliers for each year during the Track Record Period accounted for 68.6%, 44.3%, 46.0% and 51.0% of our total purchases for the respective year. The purchase for our largest supplier for each year during the Track Record Period accounted for 29.4%, 15.7%, 23.8% and 21.1% of our total purchases for the respective periods. None of our Directors, their associates or any shareholders of our Company, who or which to the knowledge of our Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest suppliers during the Track Record Period.

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the related services and products.

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The following tables set forth the details of our top five suppliers for each year/period during the Track Record Period.

For the year ended December 31, 2022

Supplier	Purchase amount	Percentage of total purchase	Background and principal business	Details of major products purchased	Year of commencement of business relationship	Credit terms	Payment method
	(RMB in thousands)	(%)					
Guangdong Lihua New Energy Technology Co., Ltd.* (廣東鋰華新能源科技有限公司)	41,444	29.4	A company principally engaged in the research and development and sales of lithium batteries and battery packs.	Battery packs	2022	30.0% advance payment within three days after contract signing, invoice to be issued within three days after delivery acceptance and the remaining 70.0% payable within three months after invoice issuance	Bank transfer
Anhui Eagoal New Energy Group Co., Ltd. (安徽巡鷹新能源集團有限公司) ⁽¹⁾	23,056	16.4	A company principally engaged in the research, design, manufacturer and sales of Lithium batteries and energy storage products.	Battery cells	2021	N/A	Bank transfer
SVOLT Energy Technology Co., Ltd. ⁽²⁾	15,330	10.9	A company principally engaged in the research, design, manufacture and sales of automobile batteries and energy storage products.	Battery packs	2022	N/A	Bank transfer
Shenzhen Daren High Tech Electronics Co., Ltd.	11,278	8.0	A company principally engaged in the research, design, manufacture and sales of the energy storage control system and the provision of energy storage services.	BMS board	2021	30.0% advance payment within three days after contract signing, and the remaining 70.0% payable within 30 days after delivery	Bank transfer
Supplier A	5,433	3.9	A company principally engaged in the power charging solutions	Charging pile	2020	Invoice issued within 30 days after acceptance, and the payment be made within 30 days after the issuance of invoice	Bank transfer
Total	96,541	68.6					

Notes:

- (1) This supplier represents a group of companies which consists of Anhui Eagoal New Energy Group Co., Ltd.* (安徽巡鷹新能源集團有限公司) and its subsidiary Anhui Eagoal Power Energy Technology Co., Ltd.* (安徽巡鷹動力能源科技有限公司).
- (2) This supplier represents a group of companies which consists of SVOLT Energy Technology Co., Ltd. and its subsidiary SVOLT Energy Technology (Ma'an Shan) Co., Ltd.* (蜂巢能源科技(馬鞍山)有限公司).

* For identification purpose only

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For the year ended December 31, 2023

Supplier	Purchase amount	Percentage of total purchase	Background and principal business	Details of major products purchased	Year of commencement of business relationship	Credit terms	Payment method
	(RMB in thousands)	(%)					
SVOLT Energy Technology Co., Ltd. ⁽¹⁾	57,771	15.7	A company principally engaged in the research, design, manufacture of automobile batteries and energy storage products.	Battery cells	2022	N/A	Bank transfer
CALB Group Co., Ltd.	35,028	9.5	A company listed on Hong Kong stock exchange, principally engaged in the research, production, sales, and market application development of lithium batteries, battery management systems, and related integrated products and lithium battery materials.	Battery cells	2023	30.0% advance payment within 5 days after contract signing, remaining 70.0% payable within 90 days after delivery	Bank transfer
Guangdong Lihua New Energy Technology Co., Ltd.* (廣東鋰華新能源科技有限公司)	26,485	7.2	A company principally engaged in the research and development and sales of lithium batteries and battery packs.	Battery packs	2022	30.0% advance payment within 3 days after contract signing, remaining 70.0% payable within 90 days after delivery	Bank transfer
Supplier B	23,553	6.4	A company principally engaged in the research, design and sales of battery products, and energy storage solutions	Battery cells	2023	30.0% advance payment within seven business days after contract signing, 20.0% payment three business days prior to delivery, and 50.0% balance payable within 70 days upon delivery and receipt of invoice	Bank transfer
Xiamen Kehua Digital Energy Tech Co., Ltd	20,289	5.5	A company principally engaged in the photovoltaic, energy storage, micro-grids, and integrated energy services.	Boosting Box (升壓箱) and accessories	2023	30.0% advance payment within seven days after contract signing, 30.0% payment within three days prior to delivery, and the remaining 40.0% payable within 30 working days after acceptance or 60 days after delivery, whichever is earlier	Bank transfer
Total	163,126	44.3					

Note:

(1) This supplier represents a group of companies which consists of SVOLT Energy Technology Co., Ltd. and its subsidiary SVOLT Energy Technology (Shangrao) Co., Ltd.* (蜂巢能源科技(上饒)有限公司).

* For identification purpose only

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For the year ended December 31, 2024

Supplier	Purchase amount	Percentage of total purchase	Background and principal business	Details of major products purchased	Year of commencement of business relationship	Credit terms	Payment method
	(RMB in thousands)	(%)					
Supplier C	252,132	23.8	A company principally engaged in the research and development and manufacturing of energy storage products.	Energy storage parts	2024	20.0% advance payment, 40.0% payable within 15 days after shipment, 35.0% payable after delivery, 5.0% retained as warranty deposit payable within 15 days after 12 months of acceptance	Bank transfer
Supplier D	81,416	7.7	A company principally engaged in the research, design and manufacturing of energy storage materials, battery materials, advanced batteries.	Energy storage parts	2024	30.0% advance payment, 65.0% payable within 30 days after delivery, 5.0% retained as warranty deposit, payable within 60 days after 12 months of acceptance	Bank transfer
Supplier E	67,532	6.4	A company principally engaged in the manufacture of mechanical and electrical products	Battery cells	2024	100.0% payment within five days after contract signing	Bank transfer
Supplier F	62,340	5.9	A company principally engaged in the manufacture of equipments/ renewable energy storage systems	Energy storage parts	2024	5.0% payable within seven days after execution of the contract, 65.0% payable upon the delivery and acceptance, 27.0% payable upon the installation and testing completion and 3.0% payable upon the expiration of warranty period	Bank transfer
CALB Group Co., Ltd.	23,723	2.2	A company listed on Hong Kong stock exchange, principally engaged in the research, production, sales, and market application development of lithium batteries, battery management systems, and related integrated products and lithium battery materials.	Battery cells	2023	30.0% advance payment, remaining balance payable within 90 days after delivery	Bank transfer
Total	487,143	46.0					

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For the six months ended June 30, 2025

Supplier	Purchase amount <i>(RMB in thousands)</i>	Percentage of total purchase <i>(%)</i>	Background and principal business	Details of major products purchased	Year of commencement of business relationship	Credit terms	Payment method
Supplier D	162,832	21.1	A company principally engaged in the research, design and manufacturing of energy storage materials, battery materials, advanced batteries.	Energy storage parts	2024	30.0% advance payment, 65.0% payable within 30 days after delivery, 5.0% retained as warranty deposit, payable within 60 days after 12 months of acceptance	Bank transfer
CALB Group Co., Ltd.	131,527	17.1	A company listed on Hong Kong stock exchange, principally engaged in the research, production, sales, and market application development of lithium batteries, battery management systems, and related integrated products and lithium battery materials.	Battery cells	2023	30.0% advance payment within 5 days after contract signing, remaining 70.0% payable within 90 days after delivery	Bank transfer
Supplier E	56,587	7.3	A company principally engaged in the manufacture of mechanical and electrical products	Battery cells	2024	100.0% payment within five days after contract signing	Bank transfer
Supplier G	23,982	3.1	A company principally engaged in the research, product development, manufacturing, sales and engineering services in the field of power system protection and control.	Energy storage parts	2025	30.0% payable within 30 days after customs clearance, 60.0% payable upon successful overseas site commissioning or within 9 months after customs clearance (whichever is earlier), 10.0% retained as warranty deposit	Bank transfer
Supplier H	17,916	2.3	A company principally engaged in the R&D, production and sales of off-grid and hybrid solar energy and energy storage power equipment.	Energy storage parts	2023	100.0% advance payment	Bank transfer
Total	392,844	51.0					

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Materials, Components and Supply Agreements

The key materials and components for our ESS Solutions are battery cells, BMS, inverters, thermal management systems and others. We have established a comprehensive framework for materials and components procurement. During the Track Record Period, we did not encounter any significant shortages, delays, or difficulties in sourcing materials and components from our suppliers. For the Track Record Period, materials and components costs amounted to RMB100.3 million, RMB198.7 million, RMB819.3 million and RMB532.2 million, respectively, accounting for 94.4%, 86.3%, 94.1% and 87.9% of our cost of sales for the same periods. We primarily source materials and components from reputable domestic supplier, which primarily include Guangdong Lihua New Energy Technology Co., Ltd., CALB Group Co., Ltd. and SVOLT Energy Technology Co., Ltd.

We have experienced fluctuations in the cost of our materials and components during the Track Record Period. In particular, the cost of battery cells, the key material for all our ESS products, have experienced considerable fluctuations during the Track Record Period, particularly from the end of 2023 to early 2024. According to the CIC Report, for the Track Record Period, the average price for battery cells were USD0.13 per Wh, USD0.11 per Wh and USD0.08 per Wh, respectively. Such price decrease was primarily due to changes in market conditions and intense competition within the energy storage industry. See “Financial Information – Key Factors Affecting Our Results of Operations – Fluctuation in Raw Material Prices” in this document for an analysis of the effect of price fluctuations in materials and components on our gross profit/loss during the Track Record Period. During the same period, we did not engage in hedging activities against the fluctuation in materials and components prices.

We generally enter into agreements with our suppliers. Set forth below are the key terms of the agreements we typically enter into with our suppliers:

- **Products:** Details of the description, quantity, specifications of the products shall be clearly stated in the agreement.
- **Inspection and product returns:** Product inspection shall take place within a specified period after delivery of the materials and components to us. We shall be entitled to return to the suppliers the defective materials and components that do not meet the agreed quality standard, and the suppliers shall remedy the same, including product return and replacement.
- **Payment and credit terms:** We typically make an advance payment after signing the contract, the shipping payment before shipment, the arrival payment after arrival, the acceptance payment after inspection, and the warranty payment after the end of the warranty period. The payments are generally settled by bank transfer. We are typically offered a credit term of 90 days.
- **Delivery of products:** Our suppliers are typically responsible for shipment of the raw materials to the project location. The logistics costs are generally borne by our suppliers.

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As of the Latest Practicable Date, we mainly relied on (i) our pricing strategy for individual order and the price adjustment mechanism in our sales framework agreements, which allowed us to reflect the price fluctuation in raw materials on our selling prices of our residential ESS; and (ii) the management of our inventory levels based on the prudent estimation of the market trends and our production needs, to mitigate the impact of raw material cost fluctuations on the supply side. During the Track Record Period, revenue derived from residential ESS amounted to RMB102.3 million, RMB138.7 million, RMB208.4 million and RMB125.2 million, respectively, representing approximately 72.1%, 44.1%, 20.3% and 18.1% of our total revenue, respectively. The price adjustment mechanism, as outlined in our framework agreements with distributors, allows for price adjustments in response to fluctuations in raw material costs, ensuring that we can maintain our gross profit margin despite material cost volatility. In addition to the above, we have adopted a series of strategies to further mitigate raw material price volatility, including establishing long-term strategic cooperation with key suppliers with index-linked pricing mechanisms, diversifying procurement channels, and maintaining safety stock levels informed by market conditions. We have also gradually implemented cost pass-through mechanisms in customer contracts, allowing periodic adjustment of sales prices based on fluctuations in specified material prices. However, we may not have strong bargaining power with customers and suppliers, and may not be able to effectively mitigate the impact of raw material price fluctuations despite all the measures being put in place. See “Risk Factors – We may be subject to the adverse impact of raw material price changes in association with our price locking of raw materials.” for further details.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of agreements by suppliers that resulted in suspension or interruption of our production operations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Our Business Relationship with CALB Group Co., Ltd. (“CALB”)

CALB was one of our top five suppliers and top five customers for the year ended December 31, 2023. We established a collaborative relationship with CALB, primarily for sourcing large-scale ESS battery cells used in ESS integration projects. At the same time, CALB entrusted us with projects involving the provision of ESS integration services and residential ESS products. For further details, see “Business – Supply Chain and Suppliers – Overlapping Customers and Suppliers” in this section.

In March 1, 2024, we entered into a strategic cooperation agreement with CALB to strengthen our partnership with it and mutual business development. Under the equal conditions, CALB would prioritize providing its strategic partners with project opportunities, while we would prioritize sourcing raw materials from CALB in the circumstances as agreed by both parties.

The agreement has a term of three years, from March 2024 to March 2027. According to CIC, strategic cooperation agreements with defined terms and mutual commitments are a common practice in the ESS and battery industries. Such agreements enable parties to foster long-term and stable cooperation relationships, ensuring supply chain security, optimizing procurement costs, and promoting technological collaboration. Our Directors confirm that the terms of the agreement with CALB are consistent with industry norms and reflect standard practices within the sector.

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Procuring Raw Materials from CALB

We will prioritize CALB as our supplier of battery cells under equal conditions as compared with our procurements of the same raw materials from other third-parties. CALB would be required to ensure the quality, timely delivery and sufficient supply of raw materials in accordance with our orders. To maintain consistent and reliable performance, both parties shall comply with the quality inspection mechanism as agreed by them. For each specific project, separate project contracts would be signed by both parties to clearly define the detailed terms of procurement.

Providing Solutions and Products to CALB

Under the strategic cooperation agreement, CALB would prioritize assigning their orders for non-battery-cell components of ESS projects to us under equal conditions as compared with their purchases of the same solutions and products from other third-parties. Our responsibilities include system integration, installation, commissioning and maintenance of ESS projects, excluding battery cells. We are committed to ensuring timely and high-quality project execution.

For project collaboration, CALB and us would typically enter into framework agreements covering multiple projects (usually three to four projects). Additionally, separate contracts would be entered into by both parties for individual project to specify the detailed terms and conditions as needed.

Overlapping Customers and Suppliers

During the Track Record Period, to the best knowledge and belief of our Directors, we had five major suppliers who are also our customers (the “**Suppliers/Customers**”) We may purchase raw materials, such as battery cells, from our Suppliers/Customers and, in turn, provide them with our ESS solutions. The following tables set out the total revenue and total purchase attributable to the respective Suppliers/Customers and the gross profit derived from our sales to them for the years:

	For the years ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Purchases from the Suppliers/Customers				
Relevant purchases and service costs paid to the Suppliers/Customers as percentage of our total purchases during the relevant year (%)	29.4	23.1	5.2	17.1
Sales to Suppliers/Customers				
Relevant revenue derived from Suppliers/Customers as percentage of our total revenue during the relevant year (%)	—	23.5	22.2	60.9

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- (i) ***Guangdong Lihua New Energy Technology Co., Ltd.* (廣東鋰華新能源科技有限公司)***
(“Guangdong Lihua”)

Overview

Guangdong Lihua is a Dongguan, Guangdong-based enterprise principally engaged in the R&D and sales of lithium batteries and battery packs.

Guangdong Lihua was one of our top five suppliers for each of the years ended December 31, 2022 and December 31, 2023. During the Track Record Period, we engaged Guangdong Lihua to provide battery cells, primarily including lithium battery cells (3.2V 27.5Ah). For the Track Record Period, our purchase costs paid to Guangdong Lihua were approximately RMB41.4 million, RMB26.5 million, RMB2.6 million and nil, respectively.

During the Track Record Period, Guangdong Lihua has procured from us a small quantity of a particular type of battery cells (3.2V 67Ah) for a few times because Guangdong Lihua did not have adequate inventory of such particular type battery cells to meet its own requirement at the relevant times while we happened to have such type and quantity that could be for sale, therefore, as well as showing courtesy and as part of a long term and stable relationship with our major suppliers, the Group has made such sale to Guangdong Lihua upon their request. This was not part of our regular business operations, but mainly a gesture of cooperation courtesy to our suppliers. For the Track Record Period, our revenue generated from the sales to Guangdong Lihua was insignificant.

Our Directors believe that the project with Guangdong Lihua were awarded to us following due process and consideration, based on genuine business needs and in the ordinary course of business.

Settlement method with Guangdong Lihua

When Guangdong Lihua acted as our customer, we did not have a clearly agreed credit period as the arrangement only involved procurement on behalf of Guangdong Lihua and did not constitute a long-term business relationship. When Guangdong Lihua acted as our supplier, we would make a 30.0% advance payment within three days after contract signing, an invoice would be issued within three days after delivery acceptance and the remaining 70.0% would be payable within three months after invoice issuance. Our Directors confirm that this settlement method aligns with the specific nature of this arrangement and is not directly comparable to the payment terms of the other suppliers of our Group.

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(ii) **CALB**

Overview

CALB is a Changzhou, Jiangsu-based battery manufacturer and a company listed on the Hong Kong Stock Exchange with stock code of 03931, principally engaged in the research, production, sales and market application development of lithium batteries, battery management systems, related integrated products and lithium battery materials.

CALB was one of our top five customers and top five suppliers for the year ended December 31, 2023. During the Track Record Period, when acting as our supplier, CALB primarily provided us with battery cells used in our large-scale ESS projects. For the Track Record Period, our purchase costs paid to CALB were approximately nil, RMB35.0 million, RMB23.7 million and RMB131.5 million respectively.

During the Track Record Period, we were also awarded with projects by CALB in China for the provision of large-scale ESS solutions and products, including the Heilongjiang Huanan Zhongneng Jiangsu Electric Power Construction 63MWh project and the Pingdingshan Xinzhi Manufacturing 16MWh project and the provision of residential ESS products for the corresponding residential ESS project, under a strategic cooperation agreement with CALB. For the Track Record Period, the revenue generated from our sales to CALB was approximately nil, RMB71.4 million, RMB23.2 million and RMB24.2 million, respectively, and the gross profit was nil, RMB16.2 million, RMB4.2 million and RMB2.6 million, respectively, with an average gross profit margin of 19.3%, which was comparable to the overall gross profit margin of our other projects awarded by other customers (excluding CALB) in relation to large-scale ESS solutions and products and residential ESS solutions and products during the Track Record Period.

Our Directors believe that through strategic cooperation, the projects with CALB were awarded to us following due process and consideration, based on genuine business needs and in the ordinary course of business.

Additional Relationship

In addition, for the six months ended June 30, 2025, our Group provided loans totaling approximately RMB4.0 million to three project companies (Industry player K, L, M), of which, each of these companies is indirectly controlled by a limited partnership fund whose limited partners include CALB Group Co., Ltd. and another independent third party. The fund’s general partners include an entity that also serves as the general partner of Kaibo Hongcheng, which is one of our [REDACTED] Investors. Those loans primarily represented lending extended to support their expenditures associated with power station projects. For further details of these loans, please refer to the section headed “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Prepayments, Other Receivables and Other Assets.”

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Settlement method with CALB

We granted CALB a 50.0% advance payment, 30.0% payable upon delivery, and the remaining 20.0% payable after acceptance. In return, CALB granted us 30.0% advance payment within 5 days after contract signing, with the remaining 70.0% payable within 90 days after delivery. Our Directors confirm that these payment terms are generally consistent with the payment terms of the other suppliers of our Group.

(iii) Supplier B

Overview

Supplier B is a Xiamen, Fujian-based battery manufacturer and energy storage solutions provider, principally engaged in the research, design and sales of battery products and energy storage solutions.

Supplier B was one of our top five suppliers for the year ended December 31, 2023. During the Track Record Period, we engaged Supplier B as a supplier to provide primarily battery cells used in our large-scale ESS projects. For the Track Record Period, our purchase costs paid to Supplier B were approximately nil, RMB23.6 million, RMB1,278.0 and RMB0.1 million, respectively.

During the Track Record Period, we were also awarded with several projects by Supplier B through business discussions and competitive negotiations in Shanxi for the provision of large-scale ESS and C&I ESS solutions and products, i.e., the Shanxi Yuanping Haichen 7.5MW/15MWh liquid-cooled ESS system project. For the Track Record Period, the revenue generated from our sales to Supplier B was approximately nil, RMB2.4 million, RMB9.5 million and nil, respectively, and the gross profit was nil, RMB0.2 million, RMB0.6 million and nil, respectively, with an average gross profit margin of 7.0%, which was lower than the overall gross profit margin of our other large-scale ESS and C&I ESS projects awarded by other customers (excluding Supplier B) for the two years and six months ended June 30, 2025 of 12.2%. The lower gross profit margin for these projects was primarily due to (i) the batteries for the project being supplied directly by the customer, and as a result, we did not generate any profit from the procurement of batteries; and (ii) certain number of our suppliers in these projects were nominated by the customer.

Our Directors believe that the projects with Supplier B were awarded to us following due process and consideration, based on genuine business needs and in the ordinary course of business.

Settlement method with Supplier B

We granted Supplier B with 30 days of credit period to settle payments from the date of issuance of progress certificates, whilst Supplier B granted us a 30.0% advance payment within seven business days after contract signing, a 20.0% payment three business days prior to delivery, and the remaining 50.0% payable within 70 days upon delivery and receipt of invoice. Our Directors confirm that these payment terms are generally consistent with the payment terms of the other suppliers of our Group.

BUSINESS

(iv) *Customer F*

Overview

Customer F is a Changsha, Hunan-based battery and energy storage products manufacturer, principally engaged in the research, design and manufacturing of energy storage materials battery materials, and advanced batteries.

Customer F was one of our top five customers for the year ended December 31, 2024. During the Track Record Period, we were awarded two projects by Customer F in Jiangsu for the provision of large-scale ESS solutions and products, i.e., the Jiangsu Huaian Shenneng Nankong 240MWh project under a strategic cooperation agreement with Customer F. For the Track Record Period, the revenue generated from our sales to Customer F was approximately nil, nil, RMB105.4 million and RMB108.7 million, respectively, and the gross profit was nil, nil, RMB6.1 million and RMB14.7 million, respectively, with an average gross profit margin of 9.7%, which was lower than the overall gross profit margin of our other large-scale ESS projects awarded by other customers (excluding Customer F) for the year and six months ended June 30, 2025 of 11.5%, which was primarily due to the tight schedule for those projects which we were required to deliver the relevant products within a short period of time after signing the agreement. This resulted in additional cost incurred attributable to overtime work, which led to lower gross profit margins.

During the Track Record Period, we also engaged Customer F as a supplier to provide primarily liquid-cooled ESS containers used in our large-scale ESS projects. For the Track Record Period, our purchase costs paid to Customer F were approximately nil, nil, RMB8.5 million and nil, respectively.

Our Directors believe that the projects with Customer F were awarded to us following due process and consideration, based on genuine business needs and in the ordinary course of business.

Settlement method with Customer F

We granted Customer F with 30 days of credit period to settle payments from the date of issuance of progress certificates, whilst Customer F granted us 5.0% payable within seven days after execution of the contract, 65.0% payable upon the delivery and acceptance, 27.0% payable upon the installation and testing completion, and 3.0% payable upon the expiration of the warranty period. Our Directors confirm that these payment terms are generally consistent with the payment terms of the other suppliers of our Group.

BUSINESS

(v) *Customer H*

Overview

Customer H is an energy storage products manufacturer and an associate of State Power Investment Corporation Limited, principally engaged in the design and manufacture of energy storage equipment.

Customer H was one of our top five customers for the year ended December 31, 2024 and the six months ended June 30, 2025. During the Track Record Period, we were awarded the Shouguang Dongfang Xuneng 300MW/600MWh Liquid-Cooled Energy Storage DC-Side Project (山東壽光東方旭能300MW/600MWh液冷儲能直流側項目) by Customer H through competitive negotiation and business discussions for the provision of large-scale ESS solutions and products. Our revenue generated from sales to Customer H amounted to nil, nil, RMB90.6 million and RMB288.1 million, respectively. The gross profit for Track Record Period was approximately nil, nil, RMB3.5 million and RMB15.3 million, respectively, with an average gross profit margin of 5.0%, which is lower than the overall gross profit margin of our other large-scale ESS projects awarded by other customers (excluding Customer H) for the year and six months ended June 30, 2025 of 13.8%. The lower gross profit margin for this project was primarily due to increased procurement costs, driven by Customer H's requirement for a specific brand of battery cells that were priced above average at the relevant time.

During the Track Record Period, we also engaged Customer H as a supplier to provide primarily ESS components and related services used in our large-scale ESS projects. For the Track Record Period, our purchase costs paid to Customer H were approximately nil, nil, RMB20.4 million and nil, respectively.

Our Directors believe that through competitive negotiation and business discussions, the projects with Customer H were awarded to us following due process and consideration, based on genuine business needs and in the ordinary course of business.

Settlement method with Customer H

We granted Customer H with 10.0% payable within 60 days of contract signing, 20.0% payable within 30 days of order and invoicing, 65.0% payable within 30 days of delivery and inspection, and 5.0% payable within 60 days of final acceptance as warranty deposit. Meanwhile, Customer H did not explicitly agree on a credit period for payments to our Group. Our Directors confirm that these payment terms are generally consistent with the payment terms of the other suppliers of our Group.

BUSINESS

Our Directors confirmed that the negotiation of the salient terms of our sales and purchase from the Suppliers/Customers were conducted separately, and they were not inter-conditional, inter-related or otherwise considered as one transaction, except for the transactions with CALB, which our Directors confirm are inter-conditional and inter-related. To the best knowledge, information and belief of our Directors, save as disclosed above, none of our five largest customers was also our supplier, or vice versa, during the Track Record Period.

The Sole Sponsor is of the view that the transactions entered into with overlapping customers and suppliers were on normal commercial terms and comparable to those with other customers and suppliers of the Group.

According to the CIC Report, it is a common practice in the industry to have overlapping customers and suppliers, for example, purchasing raw materials from suppliers and selling energy storage products and solutions to them.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We have an operation and management system that is designed to cater to customer needs. Our supply chain is coordinated to achieve synergy and allocation of resources amongst order placement, procurement management, product manufacturing, shipping and other processes.

Our large-scale ESS and C&I ESS products are made-to-order and tailored to meet the specific needs and requirements of our customers. This customization ensures compatibility with the unique project conditions and application scenarios of each customer, allowing us to deliver solutions that meet exacting specifications. In contrast, our residential ESS products are standardized and designed for broader market deployment, enabling streamlined production and faster delivery timelines.

During the Track Record Period, we entered into a Logistics Services Agreement with Karl Gross Logistics (Shanghai) Co., Ltd., under which they provide us with local warehouse services in the Netherlands to support our overseas operations. Their services include warehousing, sorting, local transportation, last-mile delivery, re-delivery, reverse goods return and customs-related services such as export declarations and import clearance, ensuring efficient logistics and supply chain management for our international business.

Our warehousing, logistics and distribution system, as supported by our ERP system, allows us to timely deliver our products, while managing our rapidly growing operating scale.

BUSINESS

Inventory Control

We perform accurate demand forecasting on our sales and set reasonable safety stock levels to ensure that inventory levels are aligned with actual demand, while avoiding shortages or excess stock. By leveraging advanced data management systems, we significantly enhance warehouse management efficiency and ensure the smooth operation of material management processes. Through these systems, we precisely monitor inventory levels and flexibly adjust inventory strategies based on demand fluctuations, maintaining optimal stock levels and ensuring the stability and efficiency of our supply chain. Additionally, we conduct regular in-depth inventory analyses to promptly clear slow-moving products, optimizing inventory structure and promoting efficient capital flow. Besides, we also optimize procurement processes to increase inventory turnover rate and improve the cost efficiency. By monitoring inventory through our ERP system and conducting regular stocktaking to ensure the accuracy of stock data, we are able to identify discrepancies and improve decision-making for future procurement and operational planning.

Warehousing

We maintain our stock both at the factory in the PRC and at overseas warehouses located near key sales regions in the Netherlands. Customers can pick up products directly from the overseas warehouses, which helps streamline delivery and reduce shipping times. When the stock of overseas warehouse is below the safety levels, the stock at the factory will be adjusted and shipments will be arranged accordingly to replenishment.

Transportation

We generally adopt FOB as our delivery terms. We develop transportation plans based on demand forecasts from relevant departments and can quickly adjust plans in response to special circumstances, ensuring smooth logistics operations. We track the real-time status of shipments to ensure safe and timely delivery of goods to their destinations. During transportation, we strictly comply with relevant laws and regulations to ensure compliance and environmental sustainability. In the loading, unloading and handover processes, we strictly adhere to operational standards to ensure the integrity of goods, clarify responsibilities among parties and avoid potential disputes.

BUSINESS

DATA PRIVACY AND PROTECTION

Primarily in relation to our ESS solution business, we collect and use certain operating data of our ESS products via our self-operated platforms, such as battery status data, energy flow data, energy consumption and savings data and system operating data, which are primarily used for providing customized services to the end users of our ESS products via our platforms and pushing sales promotion information. For our ESS solutions, internet connection is not compulsory for product usage, but having connected to the internet can enable the users to monitor certain operating data of the ESS products such as battery status data.

We have established a permission hierarchy for data access to enhance data security. We display our privacy policy to customers and/or the end users before they use our self-operated platform and websites. Our privacy policy primarily sets forth the scope of personal information, how we collect, use, store, disclose and protect the operating data of our ESS products. The Group’s cloud computing infrastructure is hosted on a private cloud, in order to maintain effective control over data security and privacy.

The data we have collected, including those accessed via our AI-optimized systems and tools, are processed solely for the purpose of improving customer services and optimizing our offerings. However, we do not own these data. We only process and utilize them in compliance with applicable privacy laws to deliver value to our customers and/or end users. To ensure the confidentiality and integrity of our data, we have in place policies, procedures, software and technology infrastructure to collect, use, store, retain and transmit our consumer data in compliance with applicable data protection laws and regulations of the PRC. For example, we have adopted data classification and hierarchy, access control, encrypted storage and take other necessary technological measures to ensure the secure processing, transmission and usage of data. We have established stringent internal policies under which access to privacy data is only granted to limited employees with access authorization. We provide training to ensure that our employees are well aware of the significance of data privacy, our internal policies and relevant laws and regulations. We conduct periodic data audits, timely address any vulnerabilities, and plan to seek advice from data privacy and compliance counsel in the future to enhance our information security system.

During the Track Record Period and up to the Latest Practicable Date, for the end users within the PRC, the Group does not collect, process, or use any other types of personal information. Furthermore, the Group did not collect, process, or use personal data from overseas end users, nor did it engage in any cross-border data transfer activities. The Group’s PRC Legal Advisor is of the view that the Group has complied with all applicable effective data privacy and security laws and regulations in the PRC in material aspects during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that the Group has complied with the applicable data privacy and security requirements in all jurisdictions in which the Group operates during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Our Directors confirm that, as of the Latest Practicable Date, we have not received any complaints from any individuals or entities, nor have we been subject to any investigations, inquiries, administrative penalties or other enforcement actions by any regulatory authorities in connection with data privacy breaches or non-compliance with applicable data protection laws and regulations. As confirmed by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, there was no administrative penalties imposed by the relevant authorities for violation of any applicable laws and regulations relating to data privacy and protection.

In light of the above, the Sole Sponsor is of the view that the Group has complied with the applicable data privacy and security requirements in major jurisdictions in which the Group operates during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material hacking incident or IT system failure.

Data Privacy

Taking into account (i) during the Track Record Period and up to the Latest Practicable Date, we had not been notified by the PRC Government of being classified as a critical information infrastructure operator or being involved in any investigations with respect to cybersecurity review; and (ii) based on our PRC Legal Advisor’s consultations with China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網路安全審查認證和市場監管大數據中心) on behalf of us in April, 2025, a [REDACTED] in Hong Kong does not fall within the definition of “Foreign [REDACTED],” and therefore the obligation to proactively apply for cybersecurity review by an entity seeking [REDACTED] in a foreign country shall not be applicable to the Hong Kong [REDACTED], we are not subject to cybersecurity review according to Measures for Cybersecurity Review (《網路安全審查辦法》).

During the Track Record Period and up to the Latest Practicable Date, the Group did not possess personal information of more than one million users. Accordingly, the Group is not subject to cybersecurity review requirements under the relevant PRC regulations.

INTELLECTUAL PROPERTY

Our intellectual property rights are fundamental to our success and competitiveness. We rely on a combination of trademark, trade secret and other intellectual property laws as well as confidentiality agreements and confidentiality clauses of other agreements with our employees, suppliers, customers and others to protect our intellectual property. We manage our patents, trademarks and copyrights, such as the management of authorized use of our trademarks with distributors and customers, development, application and maintenance of our patents, copyright registration and taking legal actions against infringers of our patents and trademarks.

BUSINESS

As of June 30, 2025, we had 78 patents, among which 17 are invention patents, 17 are utility model patents and 44 are design patents. In addition, we owned 56 registered copyrights in the PRC, including 53 software copyrights and 3 artwork copyright. Furthermore, we owned three active domain names and 25 trademarks in the PRC. For further details of our material intellectual property rights, see “Statutory and General Information – B. Further Information about Our Business – 2. Our material intellectual property rights” in Appendix IV in this document.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes, litigation, or legal proceedings for any material violation of intellectual property rights of any person, which would have a material adverse effect on our business. However, despite our best efforts, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights or that we will not be sued for intellectual property infringement. See “Risk Factors – Risks Relating to Our Industry and Business – The failure to protect our intellectual property rights could have an adverse impact on our business and competitiveness” and “Risk Factors – Risks Relating to Our Business, Industry, General Operations and Financial Position and Prospects – Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damages and incur other costs” in this document for details.

Intellectual Property Protection Management System

We have established and implemented a comprehensive intellectual property management system to strengthen the protection of our intellectual property, encourage innovation and safeguard our intellectual achievements. This system applies to all aspects of our operations, including R&D, production and business activities, and covers patents, trademarks, copyrights and trade secrets. An intellectual property management team, composed of personnel from senior management, legal, R&D and marketing, oversees the formulation of strategies, coordination of key matters and enforcement of internal policies.

Employees are required to assign service inventions, trade secrets and R&D achievements created during their employment or using company resources as the company’s assets. Independently created intellectual property unrelated to their roles remains the property of the individual unless otherwise agreed. We also focus on timely patent filings, trademark applications and copyright registrations, while maintaining strict measures to monitor and prevent infringement. Through secure systems such as data encryption, access controls and internal monitoring, we ensure the protection of intellectual property during storage and transmission. Furthermore, we incentivize innovation by rewarding employees and teams who achieve significant intellectual property milestones and penalize any violations or unauthorized disclosure of intellectual property to ensure compliance and protection.

According to the Group’s PRC legal advisor, during the Track Record Period and up to the Latest Practicable Date, there had been no intellectual property-related litigation or arbitration involving the Group in the PRC that could have a material adverse impact on the Group. In addition, the Directors confirm that, to the best of their knowledge and after having made all reasonable enquiries, there had been no material infringement of the Group’s intellectual property rights by any third parties in or outside the PRC during the same period that would have a material adverse impact on the Group’s business, financial condition or results of operations.

BUSINESS

Internal Control Measures relating to Intellectual Property Rights

Key management personnel and certain employees in critical roles are required to enter into non-compete agreements. To further protect our intellectual property, we implement internal policies to strengthen management and control over intellectual property rights, ensure timely registration and maintenance of patents, trademarks and copyrights, and monitor potential risks of infringement. We also adopt measures such as data encryption, access control and monitoring systems to prevent unauthorized disclosure of sensitive information during storage and transmission. Additionally, we maintain a proactive approach by engaging professional intellectual property service providers to support the management and protection of our intellectual property rights.

COMPETITION

According to CIC, the global ESS market is highly competitive, with over 300 players across the upstream, midstream and downstream segments. The top 30 companies accounted for over 90% of newly installed global ESS capacity in 2024. Chinese companies, supported by robust supply chains and technological capabilities, contributed over 70% of this capacity. The Group primarily operates in the midstream segment, offering integrated ESS products and solutions to a wide range of downstream customers and/or the end users.

We differentiate ourselves by providing AI-empowered, platform-based ESS solutions that integrate hardware, software and intelligent services. Our proprietary AI systems – Guoxia AI and HANCHU AI Assistant – enhance both internal efficiency and customer-facing support, and are embedded in our Safe ESS and Hanchu iESS platforms. Unlike many peers focused on hardware or standalone products, we offer modular, scenario-based systems adaptable across power-side, grid-side and user-side applications. Our full-stack capabilities and data-driven approach position us to meet evolving market demands and capture emerging opportunities. See “Industry Overview” for more details on the global ESS competitive landscape and the Group’s positioning.

We have experienced significant fluctuations in our gross profit margin during the Track Record Period, primarily due to intense market competition, which pressured our average selling prices, and raw material price volatility, especially the price changes in lithium-ion batteries. The global price of lithium-ion ESS batteries decreased from USD0.13 per Wh in 2022 to USD0.08 per Wh in 2024, contributing to cost and price fluctuations. Despite these challenges, we have implemented price adjustment mechanisms in customer contracts and flexible pricing models to mitigate the impact of raw material price volatility and maintain our competitive position. The price of lithium-ion batteries is expected to stabilize at USD0.06 per Wh by 2025, continuing to exert cost pressures. See “Industry Overview” for more details on the global ESS competitive landscape and the Group’s positioning.

BUSINESS

EMPLOYEES

We believe that our long-term growth depends on the expertise, experience and development of our employees. Our human resources department is responsible for recruiting, managing and training our employees. We recruit employees primarily through referrals, headhunters, recruitment websites and on-campus recruitment. We provide training programs to our employees, including new hire training for new employees and continuing technical training for our production and R&D personnel to enhance their skill and knowledge. We take measures to promote equal opportunities, anti-discrimination, and diversity among employees.

As of the Latest Practicable Date, we had 418 full-time employees. Generally, we enter into labor contracts with our employees. Substantially all of our employees were in China. The table below sets forth the number of our employees by function as of the Latest Practicable Date.

Functions	Number of employees	As % of total employees
Senior Management	7	1.5%
Finance	15	3.2%
Supply Chain	17	3.6%
Human Resources	29	6.1%
IT	3	0.6%
Sales	101	21.2%
R&D	122	25.6%
Production	107	22.5%
Quality Control	28	5.9%
Project Management	47	9.9%
Total	476	100.0%

Our Directors consider that our Group has maintained a good relationship with our employees and is expected to remain amicable in the future. During the Track Record Period and up to the Latest Practicable Date, there was no incident of disruption of work, which had an adverse impact on our operation, or no material dispute between our Group and our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes which may have a material and adverse effect on our business, financial condition or results of operations.

BUSINESS

Recruitment

Based on our strategic development plan, we formulate personnel planning and recruitment plan, reserve talents in advance, and build a talent pool. We have developed detailed policies governing our recruitment process. In the course of recruitment process, we identify the talents most suitable for our development needs through multiple channels, mainly including internal referrals, online recruitment, campus recruitment and local job fairs. We enter into standard employment contracts and confidentiality agreements with our employees. We also enter into non-competition agreement with our key employees.

Remuneration and Benefits

We believe in providing our employees with attractive remuneration packages and a dynamic work environment that can motivate our employees to grow rapidly and create value. We offer employees attractive salaries, performance-based bonuses and equity-based incentives. As required by laws and regulations in the PRC, we participate in various government statutory employee benefit plans, including social insurance funds, namely, medical insurance, workplace injury insurance, maternity insurance, unemployment insurance, pension benefits and housing provident fund.

Training

We focus on the career development of all employees. We have established a systematic training management system providing corresponding training programs specialized for the needs and requirements of different employees.

PROPERTIES

We own and lease certain properties in the PRC primarily to be used as production facilities, R&D center 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 June 30, 2025, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

BUSINESS

Owned Land and Properties

As of the Latest Practicable Date, we had the right to use one parcel of land with a total gross land area of approximately 32,407.40 sq.m. and a building with a total gross floor area of approximately 28,156.01 sq.m. located in Wuxi, Jiangsu Province, the PRC, primarily used for production, office and R&D purposes. The property was acquired by our Group in February 2025 at a total consideration of approximately RMB68.0 million, of which approximately 22,532.89 sq.m. had previously been leased by us. As of the Latest Practicable Date, we had obtained all relevant real estate ownership certificate of such parcel of land and the building erected thereon in the PRC.

The table below sets forth the details of our owned properties as of the Latest Practicable Date.

<u>Property Owner</u>	<u>Location</u>	<u>Main Use</u>	<u>Approximate Gross Floor Area</u> <i>sq.m.</i>	<u>Details of encumbrances, liens, pledges and mortgages</u>
The Company	No. 9, Huicheng Road, Changan Subdistrict, Huishan District, Wuxi, PRC	Production, office, R&D	Land area: 32,407.40 Building area: 28,156.01	Mortgaged

Leased Land and Properties

As of the Latest Practicable Date, we had seven leased buildings in the PRC that are primarily used for production, office and storage purposes, with a total gross floor area of 15,935.38 sq.m.. We also leased two parcels of land in the PRC with a total gross land area of 214,667.74 sq.m.. The table below sets forth the details of our leased properties as of the Latest Practicable Date.

<u>Lessee</u>	<u>Location</u>	<u>Main Use</u>	<u>Approximate Gross Floor Area</u> <i>sq.m.</i>	<u>Lease Term</u>
Our Company	1st Floor, Building 3, No. 141 Jiugulou Street, Xicheng District, Beijing, PRC	Office	200.00	From June 30, 2024 to June 29, 2026

BUSINESS

Lessee	Location	Main Use	Approximate Gross Floor Area <i>sq.m.</i>	Lease Term
Our Company	Room 3221, 32nd Floor, Guangxi Jiuzhou International Building, No. 9 Zhongxin Road, Qingxiu District, Nanning, PRC	Office	198.00	From September 28, 2025 to September 27, 2026
Jiuhong Liangyu	Room 3103, 31st Floor, Building A, No. 79 Xudong Street, Hongshan District, Wuhan, PRC	Office	325.11	From October 7, 2023 to October 6, 2026
Our Company	Yuanhe Road, Zhaoyuan Economic Development Zone, Daqing City, PRC	Office and Production	10,499.00	From March 10, 2025 to March 9, 2030
Our Company	Nos. 260 and 278 Lianchi North Street, Lianchi District, Baoding City, PRC	Office	1,497.27	From June 5, 2025 to June 4, 2026
Our Company	Building No. 1, Banshan Health Villa, adjacent to China Resources Central Park, Shizhong District, Jinan City, PRC	Office	420	From August 15, 2025 to August 14, 2027
Our Company	No. 11 Huicheng Road, Huishan District, Wuxi City, Jiangsu Province, PRC	Storage	2,796	From September 15, 2025 to March 14, 2026
Yuanda New Energy	Zhongshi Village, Shima Town, Boshan District, Zibo City, PRC	Power station operation	103,333.85	From August 30, 2025 to August 30, 2043
Zibo Yunchang New Energy	Zhongshi Village, Shima Town, Boshan District, Zibo City, PRC	Power station operation	111,333.89	From August 30, 2025 to August 30, 2043

As of the Latest Practicable Date, our leases in Beijing, Nanning, Daqing, Jinan and Baoding, with an aggregate gross floor area of approximately 12,814.27 sq.m., have not been registered and filed with the relevant PRC Government. We sought cooperation from the landlords of the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords of which we have limited control.

BUSINESS

Our PRC Legal Advisor is of the view that according to PRC law, validity of lease contracts shall not be affected by non-registration and filing of the relevant property lease, but relevant local housing authorities may require the parties of the lease contracts to complete the filing within the prescribed period and the parties of the lease contracts may be subject to penalties of RMB1,000 to RMB10,000 for each of such properties. If we fail to file within the prescribed period and up to approximately RMB20,000 if rectification is not made within the prescribed time after notice from the relevant PRC Government. In accordance with the relevant provisions of the Civil Code of PRC, the lack of registration and recording of the property leases did not affect the validity of such leases, therefore, we did not receive any rectification order or been subject to any fines in respect of non-registration of any of our lease as of the Latest Practicable Date. Accordingly, we believe that the failure to register these lease agreements will not have any material adverse effect on our operations and financial position. In order to ensure on-going compliance with the PRC law and regulations relating to the registration of executed lease agreements, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC Government and will adopt a variety of measures to mitigate such regulatory risk in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

We actively fulfil the environmental, social, and governance (hereinafter referred to as “ESG”) responsibilities. Guided by the core philosophy of “Digital Energy, Smart Future,” we are committed to promoting the development of digital energy and illuminating a green energy world. We have established an ESG governance structure with the Board of Directors at its core, formulated the “ESG Governance System,” clarified the responsibilities of each level within the ESG governance structure, the mechanisms for ESG issue management and reporting, as well as information communication and continuous improvement initiatives, ensuring the effective implementation of our sustainable development strategy and enhancing its corporate governance and social responsibility performance.

The Board of Directors, as the highest management and decision-making body, is responsible for overseeing, evaluating, and managing significant ESG issues, as well as supervising and managing ESG-related risks to ensure the robustness of corporate governance. The Board has established an ESG Working Group, comprising senior management and employee representatives, responsible for handling daily sustainability matters, drafting ESG documents and policies, collecting and compiling ESG information, and reporting quarterly to the Board on work progress. Each relevant department is responsible for collecting sustainability-related indicators within their respective scopes, implementing ESG objectives, and providing monthly feedback on implementation progress for the ESG Working Group.

Our board of directors has professional capabilities in ESG. The Chairman of our board, during his tenure as Assistant to the Chairman, was involved in ESG-related affairs such as discussions on the Group’s sustainable development strategy and environmental/social risk assessments, gaining a deep understanding of ESG issues. He closely follows domestic and international ESG trends and continuously enhances his expertise. We regularly provides ESG training for directors on concepts, policies, regulations, and industry best practices to improve their ESG-related professional and decision-making abilities.

BUSINESS

We have established an ESG information communication mechanism, continuously soliciting feedback and suggestions from stakeholders through interviews, forums, and questionnaires, following the principles of compliance and transparency. It continuously measures and tracks ESG indicators to further optimize the ESG governance structure. Additionally, we plan to issue an annual ESG report and disclose ESG performance and management situations.

Board Diversity

To maintain high standards of corporate governance, we have formulated the “Board Governance Regulations,” clearly defining the composition and diversity objectives of the Board. We are committed to considering diversity factors such as gender, race and ethnicity, cultural background, and professional background in Board nominations and compositions, promoting diverse perspectives and inclusivity within the Board. The nomination, election, and decision-making processes of the Board are open and transparent, with candidates evaluated based on objective criteria to ensure they meet diversity objectives and corporate governance requirements.

ESG Risk Management

We have formulated the “Risk Management Regulations,” clearly defining the assessment and management mechanisms for various ESG risks. We have integrated ESG-related indicators such as carbon emissions, energy consumption, employment, occupational health and safety performance into our risk management system for unified management. We have established a Risk Management Leadership Team, headed by senior management and comprising relevant heads from the Compliance Department, Finance Department, Safety and Environmental Protection Department, Human Resources Department, and Business Department. The Risk Management Leadership Team is responsible for formulating our Group’s risk management strategies and policies, overseeing departmental implementation, and reporting regularly to management. It also leads relevant departments in identifying, assessing, and responding to specific ESG risk issues, effectively enhancing our ESG risk response capabilities.

Anti-Corruption

We strictly comply with laws and regulations such as the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) and the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》), constructing a three-line defense system for comprehensive corruption risk prevention and control, which consists of The Business Department, The Administration Department and The Internal Audit Department. Additionally, We have established multi-channel whistleblowing mechanisms via phone, email, and anonymity, encouraging employees, customers, and suppliers to report corruption through anonymous or named channels, with strict confidentiality maintained for whistleblower information. For the year ended December 31, 2024 and the six months ended June 30, 2025, we had no concluded corruption lawsuits.

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For internal corruption cases, we will impose penalties ranging from warnings, demotions, contract terminations, or legal actions based on the severity of the offense. For external partners, we will terminate cooperation, blacklist them, and pursue legal responsibilities. We also integrate anti-corruption laws, internal control procedures, and integrity guidelines into new employee training, annual training for existing employees, and procurement department-specific training. For the year ended December 31, 2024 and the six months ended June 30, 2025, we conducted six anti-corruption training sessions.

The Sole Sponsor and our PRC Legal Advisor are of the view that we were not involved in any corruption lawsuits during the Track Record Period and up to the Latest Practicable Date.

Environment

Environmental Management

We strictly adhere to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) and have formulated the “Environmental Management Regulations” to strengthen our environmental management and reduce the environmental impact of production and business operations. We have established the Safety and Environmental Protection Department as a specialized department for environmental management, responsible for the overall planning, coordination, and supervision of the Group’s environmental management. The administrative heads of various departments are responsible for the environmental protection within their respective departments, formulating environmental protection plans, managing pollution sources, and ensuring the normal operation of environmental facilities. We strictly comply with environmental impact assessment and pollutant management standards, strengthen resource utilization and energy-saving management, and regularly conduct environmental training and publicity to enhance environmental management. We have obtained ISO 14001:2015 Environmental Management System certification and have been granted exemption from environmental impact assessment requirements.

Resource Consumption

We strictly comply with laws and regulations such as the Energy Conservation Law of the People’s Republic of China (《中華人民共和國節約能源法》), the Renewable Energy Law of the People’s Republic of China (《中華人民共和國可再生能源法》), and the Energy Conservation Management Measures for Key Energy-Consuming Units (《重點用能單位節能管理辦法》), and have formulated the “Energy Management Regulations” to establish and improve the energy management system. We continuously reduce energy consumption levels through a series of initiatives such as energy-saving projects, technological transformations, and energy equipment management, and regularly organize energy management training and publicity to improve employees’ energy-saving awareness and operational skills. Based on our actual situation, we have established and operated an energy management system in accordance with the Energy Management Systems – Requirements with Guidance for Use (《能源管理體系要求及使用指南》) (GB/T 23331–2020) and plans to apply for ISO 50001 energy management system certification in the future. To further enhance resource efficiency, we have set quantitative targets for the coming year, including a 12% reduction in comprehensive energy consumption, a 15% reduction

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in water and electricity consumption, and a 30% increase in the proportion of renewable energy used, each measured per unit of production capacity. These targets are set with reference to our historical data, industry benchmarks and ongoing technological upgrades, and represent gradual and achievable improvements supported by our production scale and energy-saving initiatives.

Table: Resource Utilization Performance of the Group^{1 2}

Resource Type	Unit	June 30, 2025	2024	2023	2022
Externally Purchased Electricity	MWh	1,102.43	1,310.59	596.16	125.13
Total Comprehensive Energy Consumption ³	Ton of Standard Coal	135.49	161.07	73.27	15.38
Total Water Consumption	Ton	3,309.00	6,642.50	4,228.00	1,815.00

Emissions

We strictly comply with laws and regulations such as the Water Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國水污染防治法》), and the Noise Pollution Prevention and Control Regulations of the People’s Republic of China (《中華人民共和國噪聲污染防治條例》), and have formulated the “Emissions Management Regulations” to standardize the management of the “three wastes” (solid waste, wastewater, and waste gas) and ensure that emissions meet standards. We have established a specialized emissions management team, with the Safety and Environmental Protection Department responsible for coordinating the monitoring and management of emissions across various departments to ensure compliance. We have taken a series of measures to ensure that emissions are treated to standard levels and achieve resource recycling. In 2024 and the first half of 2025, all emission indicators reached 100% compliance.

Table: Emissions Performance of the Group

Emission Type	Unit	June 30, 2025	2024	2023	2022
Total Non-hazardous Waste ⁴	Ton	20.00	26.00	10.40	3.90
Total Wastewater Discharge ⁵	Ton	2,317.00	5,314.00	3,383.00	1,452.00

¹ Energy usage in the Group’s operations only involves externally purchased electricity.

² The increase in consumption is mainly due to the rapid growth of the Group’s business.

³ The coefficient for calculating comprehensive energy consumption is based on the GB/T 2589-2020 General Principles for Calculating Comprehensive Energy Consumption.

⁴ The Group’s non-hazardous waste only involves household waste.

⁵ The Group’s wastewater discharge only involves domestic sewage.

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Addressing Climate Change

Against the backdrop of increasingly severe global warming, we actively identify and manage climate-related risks and opportunities to enhance our climate resilience. The Board’s Strategy and Sustainability Committee is responsible for the top-level design of climate-related work, regularly reviewing climate-related strategic goals and policies to ensure the effective implementation of climate-related strategies. Meanwhile, we proactively identify and respond to climate change risks and opportunities, and comprehensively improve our ability to adapt to climate change under the guidance of domestic and international guidelines and policies on climate change.

Table: The Group’s Identification of and Response to Climate Risks and Opportunities

Risk/Opportunity Type		Description	Response Measures
Transition Risks	Policy Risks	Under the national “dual carbon” goals, regulatory authorities are gradually raising standards for corporate carbon emission disclosure and imposing stricter requirements on corporate carbon reduction performance.	Actively respond to the national “dual carbon” goals by conducting carbon inventories, collecting supply chain carbon emission data, and promoting the development and application of low-carbon technologies to reduce carbon emissions.
	Technology Risks	With the continuous innovation and improvement of low-carbon emission technologies, we may need to invest more in procuring energy-efficient equipment.	Continuously deepen the development of energy storage technologies to meet the market demand for energy storage technologies during the new energy transition, and build a green and eco-friendly brand image.
	Market Risks	Increasing consumer preference for environmentally friendly and low-carbon products may lead to a decline in demand for traditional high-carbon products.	Engage in in-depth communication and exchanges with stakeholders, regularly disclose relevant information, and maintain stakeholder trust.

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Risk/Opportunity Type		Description	Response Measures
	Reputation Risks	Failure to effectively respond to stakeholders’ demands for climate action may affect our reputation and, consequently, its market competitiveness.	
Physical Risks	Acute Risks	Frequent extreme climate events such as heavy rainfall, floods, typhoons, heatwaves, and droughts may cause damage to corporate equipment, disrupt production, threaten employee safety, and affect normal operations.	- Establish an extreme weather emergency response leadership team, with senior management as the leader and department heads as members, responsible for unified command and coordination of emergency response. - Plan multiple types of transportation methods, equip with flood prevention and cold protection facilities, and strengthen natural disaster prevention training.
	Chronic Risks	Rising temperatures may lead to increased corporate energy consumption and reduced operational efficiency; future water resources may become increasingly scarce due to uneven precipitation distribution, leading to increased operating costs.	- Conduct supply chain carbon inventories, promote suppliers’ low-carbon transformation, and optimize supply chain layout to enhance supply chain resilience. - Reduce energy consumption and operating costs through optimized energy management, use of low-emission energy sources, and improved resource efficiency. - Reduce risks associated with water scarcity by improving water use efficiency and optimizing water management.

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Risk/Opportunity Type		Description	Response Measures
Opportunities	Market Expansion	With the rapid growth of new energy markets, demand for C&I and grid-side energy storage is expected to increase.	Continuously expand domestic and international markets and seize opportunities in the energy storage demand market. For example, we have already launched C&I energy storage projects in Hubei, Jiangsu, and Hungary.
	Policy Support	Against the backdrop of the “dual carbon” goals, the state provides policy incentives and financial support for the new energy and energy storage industries.	Continuously monitor national relevant policies, such as the “Action Plan for High-Quality Development of the New Energy Storage Manufacturing Industry” released in February 2025. Actively reserve technological advantages and product innovation capabilities to respond to national policy calls.

We have set short-, medium-, and long-term greenhouse gas reduction targets, aiming to achieve carbon neutrality at the operational level (Scope 1+2) by 2032, supply chain carbon neutrality by 2042, and supply chain net-zero emissions by 2050. To achieve these targets, we decompose climate targets into annual KPIs for production departments, with the strategic department responsible for monitoring target execution, optimizing, and promptly adjusting target values and carbon reduction measures.

We have accounted Scope 3 Category 6 emissions from business travel and encourage virtual meetings and low-carbon transportation to reduce travel miles and promote eco-friendly business trips. Due to opaque value chain data and inconsistent calculation methodologies, we have not yet performed accurate accounting for all types of scope 3 emissions. In the future, we will consider the progressive development of other scope 3 categories with reference to international standards such as ISO 14064, the GHG protocol and industry benchmarking practices.

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Table: Greenhouse Gas Emissions of the Group⁶⁷⁸

Greenhouse Gas Type	Unit	June 30, 2025	2024	2023	2022
Scope 1 Greenhouse Gas Emissions	Tonnes of CO ₂ equivalent	0	0	0	0
Scope 2 Greenhouse Gas Emissions	Tonnes of CO ₂ equivalent	591.56	703.26	319.90	67.15
Scope 3 Greenhouse Gas Emissions	Tonnes of CO ₂ equivalent	146.32	270.23	96.79	7.85
Total Greenhouse Gas Emissions	Tonnes of CO ₂ equivalent	737.88	973.49	416.69	75.00

Business Environmental Benefits

As a fundamental support for the efficient development and utilization of new energy, new energy storage technologies have become an important strategy for achieving carbon neutrality, promoting energy transformation, and modernizing traditional industries. Based on our business nature, we enhance the efficiency and application scope of clean energy through smart energy storage products, achieving full-scenario connectivity and energy management optimization, significantly reducing dependence on traditional energy sources, and laying a solid foundation for building a low-carbon and sustainable energy system. Meanwhile, we actively collaborate with industry, academia, and research institutions to develop new energy storage materials and technologies, promote the greening and recycling of energy storage products, assist in the digital transformation of energy, and comprehensively promote environmental benefits.

Social Responsibility

Employees

We firmly believe that talents are the most valuable assets. We strictly adhere to laws and regulations such as the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》) and the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), and have formulated internal systems such as the “Employee Handbook,” “Personnel Management Regulations,” and “Human Resources Control Procedure Regulations” to standardize employee management processes.

⁶ Emission growth is mainly due to increased energy consumption driven by rapid business growth.

⁷ The Group’s business does not involve direct energy use; carbon emissions mainly come from purchased electricity. The CO₂ emission factor uses the “2022 Electricity CO₂ Emission Factor” released by the Office of the Ministry of Ecology and Environment in 2024.

⁸ Scope 3 Greenhouse Gas Emissions of this company is calculated based on the amount data of business travel of the company’s employees using the expenditure-based method. The annual increase in emissions from 2022 to 2024 is primarily attributable to the increase in the number of employees.

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We uphold the principles of “open recruitment, fair competition, merit-based selection, and a combination of virtue and talent” in employee recruitment through internal recruitment, external recruitment, and employee referrals. We strictly prohibit the employment of child labor and forced labor and do not discriminate based on ethnicity, race, gender, marital status, association membership, or religious beliefs. In talent selection, development, and retention, we strive to maximize the potential of each individual.

We are committed to attracting and retaining talent by offering competitive compensation and benefits, including fixed and variable salaries, various subsidies, and comprehensive employee care programs. A well-structured performance incentive system aligns rewards with value creation and supports shared growth. We also promote fair career development through dual tracks in management and professional fields, with clear qualification standards and internal mobility opportunities. Additionally, a robust and diverse training system ensures that employees at all levels receive targeted learning and development support to foster both individual and organizational growth.

Occupational Health and Safety

We prioritize employee health and production safety, strictly following laws and regulations such as the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) and the Jiangsu Province Production Safety Regulations (《江蘇省安全生產條例》), and have formulated the “Health and Safety Management Regulations”. We have established a health and safety management team led by the Environment, Health, and Safety (EHS) Department and implemented an all-employee production safety responsibility system. We have a comprehensive hidden danger investigation and rectification supervision mechanism, conducting weekly inspections of workplace safety conditions, monthly inspections of special equipment usage, special inspections before major holidays, and occasional daily safety inspections to comprehensively prevent and reduce production safety accidents. We have obtained ISO 45001:2018 Occupational Health and Safety Management System certification.

We strictly fulfil our legal obligations by informing employees of occupational disease hazards and ensuring workplace safety through clear signage, protective measures, and compliance with national standards. We provide regular health examinations, protective equipment, and prioritize low-toxicity materials in high-risk roles. To strengthen awareness, we conduct regular training and emergency drills, and implement a safety incentive and penalty system. Notably, we have recorded no work-related fatalities in the past three years. The following is the detail of the work-related injury incident.

(i) Chen Tao’s Work-related Injury Incident

Incident Overview: At approximately 9:10 AM on December 4, 2023, while transporting pallets in the integration workshop of the production center, Chen Tao failed to avoid a forklift in time and suffered an injury to the big toe of his right foot.

Handling Measures: After the accident, Chen Tao was taken to the Second People’s Hospital of Hui Mountain District for examination and treatment, and then transferred to Wuxi No. 9 People’s Hospital for inpatient treatment. We conducted an accident investigation and analyzed that the cause was the failure to strictly follow operating procedures and improper coordination among

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personnel during the operation. Preventive measures were established, including the proper use of safety protection facilities, enhancing safety education and training, and strengthening safety hazard identification and rectification.

Outcome: Chen Tao’s injury was recognized as a work-related injury under the Work-Related Injury Insurance Regulations (《工傷保險條例》), and was assessed as Grade 10. The employee received timely medical treatment and compensation in accordance with applicable laws and regulations. The incident has been fully settled with no outstanding disputes. We have reviewed and refined our operation procedures and safety management practices to prevent similar incidents from recurring.

(ii) *Duan Guofa’s Work-related Injury Incident*

Incident Overview: At 4:10 PM on March 4, 2024, during moderate rain, Duan Guofa assisted a crane operator in transporting a container. After the transportation was completed, while unloading the spreader, the 200 kilograms spreader accidentally overturned, causing a crush injury to the top of Duan Guofa’s right foot and a tarsometatarsal joint fracture.

Handling Measures: We conducted an accident investigation and analyzed that the cause was the employee’s improper operation, specifically entering the lifting area before the lifting gear was fully lowered. Preventive measures have been established, including enhancing safety awareness training for employees, standardizing operations in accordance with requirements, and improving warning signs.

Outcome: Duan Guofa’s injury was recognized as a work-related injury under the Work-Related Injury Insurance Regulations (《工傷保險條例》), and was assessed as Grade 10. As the parties have not yet reached an agreement on work-related injury compensation, the employee has filed for labor arbitration, which is scheduled for hearing on December 9, 2025. We have actively cooperated with the mediation process and will handle the matter in accordance with applicable labor and work injury compensation laws.

(iii) *Wang Chaomin’s Work-related Injury Incident*

Incident Overview: At approximately 4:30 PM on April 23, 2024, while conducting aging tests in the aging test workshop of the production center, Wang Chaomin experienced arcing when connecting the third battery pack. There were abnormal noises and black smoke at the scene. As a result, Wang Chaomin’s left thumb bled, his face was blackened by smoke, and the skin tissue of his right thumb, index finger, middle finger, and palm was damaged, with parts of the finger bones exposed. He also suffered burns on the back of his left hand.

Handling Measures: After the incident, team leader Wang Jinjiang called an ambulance and provided emergency treatment by wrapping the arm with a bandage. The injured person was first taken to 101 Hospital and later transferred to Jiangnan University Affiliated Hospital at the family’s request. We conducted an accident investigation and handled the incident.

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Outcome: Wang Chaomin was recognized as having a work-related injury, and his injury falls within the scope of work-related injury identification as stipulated in the Work-Related Injury Insurance Regulations (《工傷保險條例》). The work-related injury assessment has been submitted, and the determination of the injury grade and any related compensation is still pending.

(iv) *Zhen Jinsong’s Work-related Injury Incident*

Incident Overview: At approximately 3:00 PM on October 27, 2024, while replacing a high-voltage box at the Weishi project site in Henan, Zhen Jinsong encountered a short-circuit arcing abnormality. His left leg, the dorsum of both hands, and the left side of his face suffered electric burns, and some on-site equipment was damaged.

Handling Measures: After the accident occurred, we conducted an accident investigation and analyzed the causes of the accident. These included the failure to promptly report new work content and form a work instruction manual, the incomplete process for handling on-site abnormal issues and the inadequate safety management system, as well as the weak safety awareness among personnel. We developed corresponding preventive measures, such as standardizing operating procedures, strengthening safety education and training, enhancing the promotion and supervision of personal protective equipment usage (PPE), and intensifying personnel skill assessments.

Outcome: Zhen Jinsong’s injury was recognized as a work-related injury under the Work-Related Injury Insurance Regulations (《工傷保險條例》), and was assessed as Grade 10. The employee remains employed and is in the process of claiming the relevant work-related injury benefits. We have reviewed and refined our operation procedures and safety management practices to prevent similar incidents from recurring.

Occupational Health and Safety Performance of the Group

Indicator		Unit	June 30,			
			2025	2024	2023	2022
Occupational Health and Safety	Work-related Fatalities	Persons	0	0	0	0
	Work-related Injury Lost Workdays ⁽¹⁾	Days	361	362	280	0
	Work-related Injuries	Cases	0	3	1	0

Note:

- (1) In 2025, there were no new workplace injuries, and the Work-related Injury Lost Workdays were attributed to the continued leave taken by employees injured in the previous year.

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Supply Chain Management

We actively promote the construction of a responsible supply chain, ensuring the ESG policies and performance of our suppliers and distributors align with our ESG policies and objectives. We formulate internal systems such as the “Supplier Management Control Procedure” to clarify the full life-cycle management requirements for supplier admission, management, assessment, and elimination. We incorporate ESG-related standards such as product quality, environment and safety, and labor management into supplier admission assessments, requiring suppliers to have complete quality management systems, occupational health and safety management systems, and environmental management systems. During the supplier management and evaluation phase, we actively conduct routine procurement audits and technical exchanges. In addition, we carry out a comprehensive assessment of suppliers on a quarterly basis. The assessment covers multiple dimensions, including quality, supply, cost, technology, service, and ESG. Based on the assessment results, suppliers are categorized into five levels, with different management measures applied to each level. For suppliers who fail to meet the standards, we implement demotion or termination of cooperation to optimize our supplier resources. In our distributor selection process, we assess their performance in social responsibility to ensure all distributors comply with our ESG policies. We also plan to include ESG-related clauses in future contracts to strengthen ongoing compliance and commitment.

We actively advocate green procurement, prioritizing procurement channels using energy-saving and environmentally friendly technologies and adopting energy-saving and environmentally friendly equipment to reduce energy consumption and carbon emissions, achieving a sustainable supply. We fully recognize the potential environmental impacts associated with battery procurement. These impacts include, at the raw material extraction stage, mining of critical metals such as lithium and cobalt may cause heavy metal pollution in water sources, soil structure damage, and excessive groundwater consumption, with some mining areas facing risks of heavy metal leaching due to tailings pond leakage; during the manufacturing process, wastewater generated from electrode material synthesis, volatile organic compound (VOCs) emissions from electrolyte solvent volatilization, and indirect carbon emissions from high-energy-consuming electrode sintering processes; and improper disposal of retired batteries, which can lead to heavy metal contamination of soil and water ecosystems. We aim to reduce these environmental impacts through strengthened supplier management and responsible disposal practices.

We strictly comply with laws and regulations governing the production, transportation, use, and disposal of lithium batteries in all relevant jurisdictions, including the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the EU Battery and Waste Battery Regulations (《歐盟電池與廢電池法規》), the German Battery Act (《德國電池法》), and the South African Battery Act (《南非電池法案》), to ensure lawful, compliant, and sustainable operations. As we do not manufacture batteries ourselves, all batteries used in our products are supplied by qualified battery cell manufacturers. Manufacturers are responsible for the recycling and disposal of the batteries they produce in accordance with Article 15 of the Circular Economy Promotion Law of the People’s Republic of China (《中華人民共和國循環經濟促進法》). We also assess our suppliers to ensure their recycling and waste management practices comply with relevant requirements. Meanwhile, we actively explore potential future battery recycling and reuse approaches, continuously monitor industry trends, and prepare for more in-depth battery recycling initiatives.

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Data Security and Privacy Protection

We comply with the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) and the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》). We have formulated internal policies such as the “Data Security Management Regulations” to standardize information security practices and mitigate risks of data breaches, tampering, or loss. With confidentiality, integrity, availability, and compliance as core objectives, we have established a three-tier information security management framework comprising a Data Security Committee, data security officers, and departmental data administrators, each with clearly defined duties and roles. Data is classified and tiered based on sensitivity, with strict access controls, storage protocols, and transmission requirements. We have obtained ISO 27001:2022 Information Security Management System certification.

Regular data security audits and risk assessments are conducted, alongside emergency response plans for incidents such as data leaks, tampering and loss, malware attacks, or system failures. We promote information security awareness through annual training programs covering all employees, contractors, and partners. As of June 30, 2025, no customer privacy breaches had occurred.

Social Responsibility

We are committed to social responsibility, actively participating in domestic and international public welfare initiatives and educational support programs to promote sustainable development. Globally, leveraging our technological expertise, we launched the “Light Up Africa” project, providing energy storage system products and technical support for Southern Africa to establish distributed energy systems, improve power supply, and enhance local living standards. In 2024, we donated 200,000 yuan to Jiangnan University to support educational advancement.

SEASONALITY

According to the CIC Report, the sales of ESS solutions and products exhibit certain level seasonality, and this phenomenon can be attributed to various factors, including, among others, seasonal demand fluctuations, policy influences, holidays, climate conditions and project application cycles.

As affected by seasonality, the sales volume of our ESS solutions and products are typically higher in the second half of the year compared to the first half of the year, primarily because connection of ESS of grids typically take place around year-ends. See “Risk Factors – Risks relating to our business, industry, general operations and financial position and prospects” in this document.

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LICENSES, PERMITS AND APPROVALS

Our Directors confirmed that, we have obtained all necessary licenses, permits and approvals for conducting operating activities, which are important to our operations, and such licenses, permits and approvals are still valid as of the Latest Practicable Date. The table below sets forth the material licenses/ permits obtained by the Group as of the Latest Practicable Date:

No.	Holding Entity	License/Permit Name	Scope	Approval Authority	Approval Date	Expiry Date
1	The Company	Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	Manufacture of Other Specialized Electronic Equipment (其他電子專用設備製造)	Ministry of Ecology and Environment (生態環境部)	June 13, 2024	June 12, 2029
2	Jiuhong Liangyu	Construction Enterprise Qualification Certificate (建築業企業資質證書)	Grade II for General Contracting of Electric Power Engineering and Mechanical & Electrical Engineering, and Grade II for Professional Contracting of Power Transmission and Transformation (電力工程施工總承包貳級、機電工程施工總承包貳級、輸變電工程專業承包貳級)	Hubei Provincial Department of Housing and Urban-Rural Development (湖北省住房和城鄉建設廳)	August 5, 2024	August 1, 2029
3	Jiuhong Liangyu	Engineering Design Qualification Certificate (工程設計資質證書)	Grade B for New Energy Power Generation in the Electric Power Industry (電力行業(新能源發電)專業乙級)	Hubei Provincial Department of Housing and Urban-Rural Development (湖北省住房和城鄉建設廳)	June 26, 2024	June 24, 2029
4	Jiuhong Liangyu	Permit for Installation, Repair, and Testing of Power Facilities (承裝(修、試)電力設施許可證)	Grade IV for Installation, Repair, and Testing (承裝類四級、承修類四級、承試類四級)	Central China Regulatory Bureau of the National Energy Administration (國家能源局華中監管局)	December 11, 2023	December 10, 2029

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No.	Holding Entity	License/Permit Name	Scope	Approval Authority	Approval Date	Expiry Date
5	Jiuhong Liangyu	Construction Enterprise Labor Service Filing Certificate (建築業企業施工勞務備案證書)	Labor Service Filing (施工勞務備案)	Wuhan Municipal Urban-Rural Development Bureau (武漢市城鄉建設局)	March 25, 2024	March 24, 2029
6	Jiuhong Liangyu	Work Safety License (安全生產許可證)	Construction (建築施工)	Hubei Provincial Department of Housing and Urban-Rural Development (湖北省住房和城鄉建設廳)	October 24, 2023	October 23, 2026
7	Jiangsu Hanchu	Customs Filing Certificate for Consignees/Consignors (報關單位備案證明)	Consignees/Consignors for Import and Export Goods (進出口貨物收發貨人)	Wuxi Customs (無錫海關)	February 14, 2022	July 31, 2068

To the best of their knowledge, after conducting due inquiry and based on confirmation from the Group, the Group’s PRC Legal Advisor is of the view that there are no material legal impediments to renewing such licenses or permits, provided that the Group continues to comply with applicable laws, regulations, and rules as of the Latest Practicable Date. The Sole Sponsor is also of the view that the Group has obtained the requisite licenses and permits for its operations pursuant to the relevant laws and regulations.

COMPLIANCE AND LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of the Directors, which could have a material and adverse effect on our financial condition or results of operations.

Non-compliance Incidents in Relation to Social Insurance and Housing Provident Funds

During the Track Record Period, we and some of our PRC subsidiaries did not make full contributions to the social insurance and housing provident funds for some of our employees as required under PRC laws and regulations. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate shortfall of social insurance and housing provident fund contributions was approximately RMB0.2 million, RMB1.9 million, RMB4.0 million and RMB3.1 million

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respectively. We were unable to make full social insurance and housing provident fund contributions for the relevant employees primarily because many of our employees were not willing to bear the costs associated with social insurance and housing provident funds.

During the Track Record Period, we also engaged third-party human resources provider to make contributions for a small number of employees (less than ten) whose social insurance contribution locations differed from the cities where their employment contracts were executed, primarily due to the preference of such employees to participate in local social insurance and housing fund schemes in their place of residency. During the Track Record Period, the shortfall amount of contributions made by third-party human resources service provider was nil, RMB37.1 thousand, RMB194.9 thousand and RMB129.3 thousand, respectively, which was insignificant.

Pursuant to the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), non-compliance may result in orders to make up the shortfall, overdue fines of 0.05% of the delayed amount per day and, in the case of social insurance, penalties of one to three times the overdue amount if not rectified. However, according to the Urgent Notice of the Ministry of Human Resources and Social Security on Effectively Implementing the Essence of the Executive Meeting of the State Council and the Measures on the Stable Collection of Social Insurance Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) and the Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of the Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》), local authorities are prohibited from organizing centralized collections of historical arrears, and outstanding payments are generally handled in a steady and case-by-case manner.

As advised by our PRC Legal Advisor, there are no national laws and regulations that explicitly specify penalties concerning employers that use a third-party human resources agency to make these contribution for their employees. However, our relevant subsidiaries may be ordered to rectify such practice or be subject to penalties imposed by the local social insurance authorities or the local housing provident fund management centers for failing to make social insurance and housing provident fund contributions for the employees in the employer’s own name.

Our PRC Legal Advisor is of the view that, the likelihood that we will be subject to a material administrative penalty by the relevant competent social insurance and housing provident fund authorities in relation to the foregoing matters is relatively low, based on the following considerations: (i) consultations with competent government authorities covering substantially all of our employees indicate that they had not received any employee complaints regarding social insurance and housing provident funds and would not voluntarily initiate regulatory actions to require supplementary contributions or impose penalties in the absence of such complaints; (ii) during the Track Record Period and up to the Latest Practicable Date, the Company had not been subject to any administrative penalties related to social insurance or housing provident fund contributions; (iii) the Company was not aware of any material employee complaints or material labor disputes concerning social insurance or housing provident funds during the Track Record Period and up to the Latest Practicable Date; and (iv) as of the Latest Practicable Date, the Company had not received any notifications from the relevant government authorities requiring payment of shortfalls or overdue charges for social insurance or housing provident funds.

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In light of the above, our Directors are of the view that the likelihood of the Group being subject to material administrative penalties in relation to the foregoing matters is remote, we did not make provisions for such shortfalls during the Track Record Period. As of the Latest Practicable Date, we have commenced rectification on a rolling basis, and contributions are currently made in accordance with employees’ requirements. We expect to complete full rectification by or shortly after the [REDACTED]. We will not continue to engage third-party human resources agencies for contribution purposes after the [REDACTED].

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

Our Directors are of the view that the New Judicial Interpretation would not have a material adverse impact on our business, financial condition or results of operations, based on the following considerations: (i) as advised by the PRC Legal Advisor, upon the implementation of New Judicial Interpretation, New Judicial Interpretation will not affect the compliance status of our social insurance and housing provident fund contributions, (ii) the aforementioned judicial interpretation does not expand our Company’s penalty exposure, and (iii) during the Track Record Period and up to the Latest Practicable Date, no employee has instituted any lawsuit or arbitration in respect of social insurance payments and, accordingly, no pending litigation or arbitration involving the Company is subject to the New Judicial Interpretation.

We have taken and will continue to take the following remedial and rectification measures to comply with the regulatory requirements for social insurance and housing provident fund: (i) we have minimized, and will continue to minimize, the use of third-party service providers for making social insurance and housing provident fund contributions. As of the Latest Practicable Date, fewer than 10 employees had their contributions paid through third-party service providers; (ii) we have strengthened legal and compliance training for our management team and enhanced our internal control policies to better manage such contributions; (iii) our human resources department has prepared monthly reports on salaries and contribution amounts, which are reviewed by the heads of both the human resources and finance departments to ensure strict enforcement of internal controls; (iv) we have established regular review and monitoring procedures to track the reporting and contribution of social insurance and housing provident fund and to stay abreast of regulatory developments; (v) we will maintain ongoing communication with the relevant authorities to understand their requirements and interpretations of applicable laws and regulations, and will make contributions in accordance with their specific guidance in a timely manner; and (vi) we undertake to complete the rectification process in an orderly manner following the [REDACTED].

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Legal Proceedings

In the course of general business operations, we may be involved in contract disputes, litigation or other legal procedures. During the Track Record Period and up to the Latest Practicable Date, none of our Company, any of our subsidiaries or any directors has been involved in any material litigation, arbitration or claim that may have a material adverse effect on the Group’s financial condition or operating results.

RISK MANAGEMENT AND INTERNAL CONTROL

We have in place a reasonable internal control and risk management system to address the financial, operational, legal and market risks identified in relation to our operations. This system comprises various measures and policies, including operation management, financial management, supply chain management, inventory management, procurement management, R&D management, sales management, and monitoring procedures.

To monitor the implementation of our internal control and risk management policies and corporate governance measures after the [REDACTED], we have adopted and will continue to adopt, among others, the following risk management measures:

- maintain Board oversight by requiring the Board of Directors to supervise the effectiveness of our internal control system and ensure risks remain at a reasonable level. The Board conducts at least two annual reviews of our risk management and internal control systems, covering major control areas such as finance, operations, and compliance;
- establish the legal and compliance department and improve key business process policies to ensure they are practical and enforceable. We conduct comprehensive internal control audits annually with a focus on high-risk areas to promptly identify and address issues. We standardize the implementation of economic responsibility audits (including exit audits) to mitigate executive performance risks. We enhance the legal and compliance policy framework, strengthen legal review and risk prevention and control measures, and implement a “rectification tracking system” to create a closed-loop management mechanism for audit supervision;
- leverage the business monitoring, financial management, supply chain management, inventory management and other functions of ERP system to achieve integrated financial and operational supervision and management;
- conduct compliance monitoring and implement unified legal and financial review for key business processes such as procurement, R&D and sales to ensure all operations comply with legal regulations and policies of our Company;

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- adopt various policies to ensure our compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosures;
- adopt anti-corruption and integrity measures, including a zero-tolerance policy towards bribery, corruption, extortion, and embezzlement. We have established internal procedures covering confidentiality, integrity, conflict of interest management, and codes of conduct. We conduct annual anti-corruption training and awareness programs for employees and suppliers and have set up whistleblowing channels to monitor the enforcement of anti-corruption policies. Upon receiving reports of misconduct, we initiate prompt investigations and, if necessary, engage external professionals. The Board confirms that during the Track Record Period and as of the Latest Practicable Date, there were no incidents of non-compliance with our anti-corruption, anti-bribery, or anti-money laundering policies;
- enhance tendering and procurement management by establishing a bid evaluation team composed of experts in technical and financial fields to oversee supplier selection and evaluation. We have implemented a supervisory mechanism, with our internal control team monitoring the bid evaluation process, enforcing compliance controls, and providing risk advisory services for procurement activities;
- engage internal audit specialists through our Legal and Compliance Department to perform monthly risk assessments. The team prepares reports and submits them to the Audit Committee and the Board for review and approval. Our internal audit team members have an average of over seven years of experience and hold relevant professional certifications;
- collaborate with external consultants and accounting firms when necessary to provide professional advice and consultation on our risk management practices, as well as to assist in verifying the validity of registrations, licenses, permits, and other key documents;
- arrange for our Directors and senior management to attend training seminars on the Listing Rules’ requirements and the responsibilities of a director of a Hong Kong [REDACTED] company.

Our Company has established a risk management-oriented internal control system to ensure strict implementation of regulations through daily supervision and enhanced information infrastructure. In addition, the group has incorporated accountability for illegal business investment into the internal management framework, reinforcing the strict enforcement of these policies.

We have engaged an independent internal control consultant to help identify and advise on mitigating risks relating to our operation. The independent internal control consultant performed certain agreed-upon procedures in connection with the selected areas of internal control of the Group from January 9, 2025 to February 14, 2025, covering the period from January 1, 2024 to December 31, 2024. During the review by our independent internal control consultant, certain non-material deficiencies were identified based on sample review, such as lack of certain governance policies, and we have adopted the appropriate internal control measures to improve such deficiencies. The internal control consultant

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performed a follow-up review on the enhanced internal control system from March 10, 2025 to March 21, 2025, and no further deficiency was identified. After considering the implementation of the enhancement measures and the result of such follow-up review, our Directors are satisfied that our internal control system is adequate and effective for our current operational environment.

We consistently optimized our internal control system by self evaluation on an annual basis to identify potential deficiencies, ensuring the effectiveness and adaptability of the system, continuously promoting self-improvement and ensuring robust operation and sustainable development of our Company.

INSURANCE

As of the Latest Practicable Date, we believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities.

We also prioritise the well-being of our employees. Besides statutory social insurances including pension insurance, medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance, we maintain group accident insurance and overseas travel insurance, both the commercial insurance policies that provide coverage for our onsite employees of the projects and employees on the overseas business trip, offering them additional protection and support.

In addition to commitments to the well-being of our employees, we also have maintained a range of insurance policies to safeguard our assets and operations, which include all property related risks insurance, cargo transportation appointment insurance, employer liability insurance. To specifically address the risk associated with our overseas business, we have also obtained product liability insurance for our products sold to our customers abroad. We procured insurance policies by type and amount that we consider sufficient, and evaluated such insurance policies from time to time based on our past experience, changes in production and industry developments.

We believe our existing insurance coverage is adequate for our existing operations and is in line with industry standards. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors – We may be involved in product liability claims, and our product liability insurance may not be sufficient to cover potential liability from product liability claims” in this document. During the Track Record Period and up to the Latest Practicable Date, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to us. The Group maintains insurance coverage, including but not limited to the well-being of its employees, protection of its assets and operations, group accident insurance and product liability insurance for overseas business, which it believes to be appropriate and adequate for its operations. Moreover, its insurance coverage is generally in line with that of industry peers such as Pylon Technologies Co., Ltd., Sigenergy Technology Co., Ltd., and HyperStrong Technology Co., Ltd. The Sole Sponsor and the independent industry consultant are of the view that the Group’s insurance coverage is sufficient and in line with industry practice.

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AWARDS AND ACHIEVEMENTS

The table below sets forth some of our recent major awards and achievements.

Year	Awards/Recognitions	Awarding Institution	Awarding Project
2023	Specialized and New SME (專精特新中小企業)	Shanghai Economic and Information Technology Commission (上海市經濟和信息化委員會)	2022 Shanghai Specialized and New SME List (Second Batch) (2022年度上海市專精特新中小企業名單(第二批))
2023	Gazelle Enterprise (瞪羚企業)	Jiangsu Provincial Science and Technology Department (江蘇省科學技術廳)	2023 Jiangsu Gazelle Enterprise Recognition (First Batch) (2023年度江蘇省第一批瞪羚企業認定)
2024	Innovative SME (創新型中小企業)	Wuxi Industrial and Information Bureau (無錫市工業和信息化局)	2024 Wuxi Innovative SME List (2024年度無錫市創新型中小企業名單)
2024	Innovative Product Enterprise (創新產品企業)	Wuxi Industrial and Information Bureau (無錫市工業和信息化局)	2024 Wuxi Innovative Product Enterprise List (2024年度無錫市創新產品企業名單)
2024	Engineering Technology Research Center (工程技術研究中心)	Wuxi Science and Technology Bureau (無錫市科技局)	2024 Wuxi Engineering Technology Research Center List (2024年度無錫市工程技術研究中心公示名單)
2024	Enterprise Technology Center (企業技術中心)	Wuxi Industrial and Information Bureau (無錫市工業和信息化局)	2024 Wuxi Enterprise Technology Center List (2024年度無錫市認定企業技術中心公示)
2024	Gazelle Enterprise (瞪羚企業)	Jiangsu Productivity Promotion Center (江蘇省生產力促進中心)	2024 Jiangsu Gazelle Enterprise List (Wuxi) (2024年度江蘇瞪羚企業名單(無錫))
2024	High-Tech Enterprise (高新技術企業)	Jiangsu Provincial Science and Technology Department (江蘇省科學技術廳)	2024 High-Tech Enterprise Recognition (2024年度高新技術企業認定)
2024	Cloud Migration Enterprise (上雲企業)	Jiangsu Provincial Department of Industry and Information Technology (江蘇省工業和信息化廳)	Notice on the Publication of the Second Batch of 2024 Provincial Star-Rated Cloud Migration Enterprises (《江蘇省工業和信息化廳關於公布2024年度第二批省星級上雲企業名單的通知》)

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was directly owned as to approximately (i) 29.23% by Hainan Xuding, which is an investment vehicle of Mr. Feng and Mr. Liu for the purpose of exclusively holding interests in our Company and has no operations, and was owned as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu, (ii) 14.17% by Wuxi Luanhua, which was owned as to approximately 0.53% by its sole general partner, Mr. Feng, and approximately 70.68% by Mr. Zhang, (iii) 7.14% by Wuxi Xiyun, which was owned as to approximately 1.06% by its sole general partner, Mr. Zhang, (iv) 3.26% by Mr. Liu, (v) 2.67% by Mr. Feng, (vi) 1.74% by Mr. Zhang, and (vii) 0.32% by Wuxi Jiqing, which was owned as to approximately 0.09% by its sole general partner, Mr. Feng. As Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing had collectively controlled the exercise of approximately 58.54% voting rights at the general meetings of our Company, Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing are considered to be a group of Controlling Shareholders. Mr. Zhang is deemed to collectively control 58.54% voting rights at the general meetings of our Company together with our other Controlling Shareholders because (i) Mr. Zhang owns a majority of limited partnership interest in Wuxi Luanhua (which is a Controlling Shareholder of our Company due to the reason being it is managed by its sole general partner, Mr. Feng); and (ii) Mr. Zhang is an executive Director, chief executive officer and general manager of our Company, and he is primarily involved in the management of our Group and oversees the daily operations of our Group.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing will collectively hold approximately [REDACTED]% of our total issued Shares. Accordingly, Hainan Xuding, Wuxi Luanhua, Wuxi Xiyun, Mr. Liu, Mr. Feng, Mr. Zhang and Wuxi Jiqing will remain as our Controlling Shareholders immediately after [REDACTED].

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after [REDACTED].

Operational Independence

We are able to make all decisions on, and to carry out, our own business operations independently. Our Group holds the licenses and qualifications necessary to carry out our current business. We have sufficient capital, facilities, technology and employees and our own departments specializing in the respective areas which have been in operation and are expected to continue to operate our business independently from our Controlling Shareholders. We have access to third parties independently from our Controlling Shareholders for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we are able to function and operate independently from our Controlling Shareholders and their close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

Our Board comprises six executive Directors and three independent non-executive Directors. Among our Directors, Mr. Liu, Mr. Feng and Mr. Zhang are our Controlling Shareholders. Despite so, 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:

- (i) 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 does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (ii) 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. See “Directors, Supervisors and Senior Management” in this document for details of the industry experience of our senior management;
- (iii) we [have] appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;
- (iv) 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 close associates, he/she shall report to the Board and abstain from voting and he/she shall not be counted towards the quorum for the voting; and
- (v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See “Corporate Governance” in this section for details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management is able to perform the managerial role in our Group independently.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholders. We are able to make financial decisions independently and our Controlling Shareholders do not intervene with our financial matters. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

During the Track Record Period, our Controlling Shareholders and/or their close associate had provided guarantees for certain of our bank borrowings. See “Financial Information – Related Party Transactions” in this document and Note 36 to the Accountants’ Report in Appendix I to this document for details. Our Directors confirm that all the guarantees provided by our Controlling Shareholders and/or their close associates will be released or replaced by our Company’s corporate guarantee before or upon [REDACTED]. Save as disclosed above, none of our Controlling Shareholders or their respective close associates financed our operations during the Track Record Period.

Based on the above, our Directors are of the view that our Group is capable of carrying on our business independently without financial reliance on our Controlling Shareholders and their close associates.

INTERESTS OF THE CONTROLLING SHAREHOLDER IN OTHER BUSINESSES

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company (for and on behalf of itself and its subsidiaries), pursuant to which they have unconditionally and irrevocably undertaken to our Company that they will not, and will procure their close associates (save for members of our Group) not to directly or indirectly be involved in, interested in or undertake any business that directly or indirectly competes, or may compete, with our business (collectively referred to as the “**Restricted Businesses**”), or hold shares or interest in any company or business that competes or may compete directly or indirectly with the business engaged by us from time to time, or conduct any Restricted Businesses, except where our Controlling Shareholders and their close associates hold less than 10% of interest of such company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not possess the right to control the board of directors of such company.

Our Controlling Shareholders have also undertaken in the Deed of Non-Competition that if they or any of their associates (save for members of our Group) become aware of any business opportunity to own, invest in, participate in, develop, operate or engage in any Restricted Business (the “**Business Opportunity**”), they shall, and shall procure their associates (save for members of our Group) to first refer the Business Opportunity to our Company in writing immediately upon becoming aware of it by identifying the target company or business, the nature of the Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Business Opportunity. Any decision on whether to take up the Business Opportunity shall be decided by our independent non-executive Directors. Our Controlling Shareholders or any of their associates (save for members of our Group) may only take up the Business Opportunity after our Company has issued a written confirmation signed by the independent non-executive Directors confirming that our Company has decided not to take up the Business Opportunity or our Company fails to respond within 20 business days.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

If there is any material change in the nature, terms or conditions of such Business Opportunity pursued by our Controlling Shareholders or their associates, they shall, and shall procure their associates to, refer such Business Opportunity as so revised to our Company as if it were a new Business Opportunity.

Our Controlling Shareholders have undertaken in the Deed of Non-Competition that if they, or any of their associates (save for members of our Group) intend to transfer, sell, lease or license royalties to a third party, any Restricted Business (collectively, the “**Disposals**”), they shall, and shall procure their associates (save for members of our Group) to offer our Group the right of first refusal in terms of such businesses and interest with the equal terms subject to relevant laws and regulations or contractual arrangements with third parties.

Our Controlling Shareholders have undertaken in the Deed of Non-Competition that provided that no applicable laws or regulations are breached and agreements with third parties are complied with, our Group is entitled to acquire any businesses operated by our Controlling Shareholders or any of their associates (save for members of our Group) which fall within the Restricted Businesses or any businesses or interests which are gained through the aforementioned Business Opportunities (the “**Option for Purchase**”). Our Group is entitled to exercise the Option for Purchase at any time, and our Controlling Shareholders or any of their associates (save for members of our Group) shall offer the Option for Purchase to our Group based on the conditions as follows: the commercial terms of the acquisition shall be formed solely by the committee consisting of our independent non-executive Directors after consulting the views of independent experts and such commercial terms shall be based on negotiation between the parties in line with normal commercial practice of our Group which is fair, reasonable and in the interests of our Group as a whole, as in accordance with the negotiations with our Controlling Shareholders and their associates. However, if a third party has the right of first refusal in accordance with applicable laws and regulations and/or a prior legally binding document (including, but not limited to, articles of association and shareholders’ agreements), the Option for Purchase of our Group shall be subject to such third-party rights. In such a case, our Controlling Shareholders shall use, and shall procure that their associates (save for members of our Group) will use, its/their best efforts to persuade the third party to waive its right of first refusal.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and the Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) the Controlling Shareholders will provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (g) we have appointed China Everbright Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OUR DIRECTORS

Overview

Our Board consists of six executive Directors and three independent non-executive Directors. The table below sets forth certain information in respect of our Directors:

Name	Age	Position(s)	Date of first joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s), Supervisor(s) and the senior management
Executive Directors						
Mr. Feng Lizheng (馮立正)	35	Chairman of our Board and executive Director	January 4, 2019	January 4, 2019	Overseeing strategic planning and regulating its implementation, representing our Group in external affairs and communication	None
Mr. Zhang Xi (張晰)	36	Executive Director, chief executive officer and general manager	December 1, 2022	February 25, 2025	Overseeing daily operations of our Company, formulating development strategies and representing our Company in business activities	None
Mr. Liu Ziye (劉子葉)	38	Executive Director and executive president	January 4, 2019	February 25, 2025	Overseeing daily operations of our Company, leading the management team in accomplishing business goals and growth plans	None
Dr. Bai Yang (白洋)	41	Executive Director, senior deputy president, general manager of domestic business unit, technical director of domestic business unit and chief engineer	May 1, 2023	February 25, 2025	Overseeing daily operations of our domestic business unit, product R&D, and regulating the technical team’s daily work	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of first joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s), Supervisor(s) and the senior management
Mr. Zhu Shuaishuai (朱帥帥)	34	Executive Director, senior deputy president, general manager of overseas business unit and product director of overseas business unit	April 1, 2019	February 25, 2025	Overseeing daily operations of our overseas business unit, formulating and executing business strategies, expanding markets and maintaining customer relationships	None
Mr. Wang Zhenlin (王振淋)	35	Executive Director, deputy president, assistant to the chairman of our Board and a finance director	September 15, 2022	April 18, 2025	Assisting the chairman of our Board in managing our company’s operations, executing corporate strategies, and overseeing financial activities	None

Independent non-executive Directors

Mr. Qian Kaiming (錢凱明) (formerly known as Mr. Qian Qifan (錢麒帆))	60	Independent non – executive Director	[•]	[•]	Supervising and providing independent opinion to our Board	None
Ms. Jiang Xingnan (蔣幸男)	36	Independent non – executive Director	[•]	[•]	Supervising and providing independent opinion to our Board	None
Dr. Jiang Wei (蔣偉)	57	Independent non – executive Director	[•]	[•]	Supervising and providing independent opinion to our Board	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OUR BOARD OF DIRECTORS

Executive Directors

Mr. Feng Lizheng (馮立正), aged 35, is the chairman of our Board and an executive Director, primarily responsible for overseeing strategic planning and regulating its implementation, representing our Group in external affairs and communication. Mr. Feng founded our Company in January 2019 and has served as the chairman of our Board and a Director since then. He was re-designated as an executive Director on April 18, 2025. Additionally, Mr. Feng is a director of Jiangsu Yunchu, a wholly-owned subsidiary of our company. Mr. Feng is one of our Controlling Shareholders, see “Substantial Shareholders” in this document for further details of his interests for the purpose of Part XV of the SFO.

Mr. Feng has over 12 years of experience in the energy industry. From July 2012 to March 2016, Mr. Feng was a secretary to the chairman at Wuxi Special Still Material Co., Ltd. (無錫市特鋼材料有限公司), a company mainly focusing on the sale of alloy pipes and pipe solutions in both traditional industries such as petrochemicals, electric power, alumina, boilers, etc., as well as emerging fields such as nuclear power, military, gas and energy storage, where he was primarily responsible for supporting the chairman’s daily work, coordinating tasks, and assisting in decision-making process. From January 2017 to December 2018, Mr. Feng was an investment and financing director at Shenzhen OptimumNano Energy Co., Ltd.* (深圳市沃特瑪電池有限公司), a subsidiary of Baoli New Energy Technology Co., Ltd* (保力新能源科技股份有限公司), formerly known as Shaanxi J&R Optimum Energy Co., Ltd* (陝西堅瑞沃能股份有限公司), whose shares were listed on the Shenzhen Stock Exchange (stock code: 300116) and were delisted on July 5, 2024 and which was mainly engaged in the research, production, and sales of lithium iron phosphate power batteries, as well as providing power battery solutions for new energy vehicles and energy storage systems, where his primary responsibilities included participating in investment and financing decision-making, and supervising the execution of investment and financing projects.

Mr. Feng obtained his bachelor’s degree in mechanical engineering and automation (機械工程及自動化) from Jiangnan University (江南大學) in June 2012. He completed the executive development program study at Peking University HSBC Business School (北京大學滙豐商學院) in July 2019.

Mr. Feng was appointed as the deputy president by the Wuxi Chamber of Commerce in Shenzhen* (深圳市無錫商會) in December 2023.

Mr. Zhang Xi (張晰), aged 36, is an executive Director, chief executive officer and general manager of our Company, primarily responsible for overseeing daily operations of our Company, formulating development strategies, and representing our Company in business activities. He joined our Group in December 2022 as a general manager and a director of domestic projects, and subsequently served as the president of our Company since September 2024. Mr. Zhang was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. Mr. Zhang is one of our Controlling Shareholders, see “Substantial Shareholders” in this document for further details of his interests for the purpose of Part XV of the SFO.

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Mr. Zhang has over 12 years of experience in energy and manufacturing industry. From March 2012 to March 2014, Mr. Zhang served as the manager of the process quality department at Zhenfa New Energy Co., Ltd. (振發新能源有限公司), a company specializes in the integration of photovoltaic power generation systems, as well as the research and production of photovoltaic application products, where his primary responsibilities included product quality control, production efficiency management, cost management, as well as formulating, updating and optimizing the production standards. From March 2014 to March 2018, Mr. Zhang was a marketing director at Kuangda New Energy Investment Co., Ltd.* (曠達新能源投資有限公司), a company engaged in the investment, development, construction, and management of power projects, where his primary responsibilities included formulating and executing marketing strategies, liaising with clients, and ensuring the company gained a competitive advantage in a highly competitive market. From March 2018 to November 2018, Mr. Zhang was an executive director and general manager at Shenzhen Hanchu Energy Technology Co., Ltd.* (深圳市漢儲能源科技有限公司) (“**Shenzhen Hanchu**”), a company focused on the R&D of energy storage technology, system design, integration, and product development, where his primary responsibilities included formulating and implementing corporate strategies and operational plans to achieve the company’s management and development goals. Shenzhen Hanchu was a start-up company which Mr. Zhang established with his business partners in January 2018, of which Mr. Zhang held 25% equity interest upon its establishment. In April 2018, Shenzhen Hanchu established a subsidiary with the name Jiangsu Hanchu Energy Tech Company Limited* (江蘇漢儲能源科技有限公司). However, as Shenzhen Hanchu lacked funds from its potential investors and its business performance has not met expectation due to the immature industry, Mr. Zhang decided to divest from Shenzhen Hanchu in November 2018 and transferred his equity interests in Shenzhen Hanchu to one of the then equity interest holders of Shenzhen Hanchu at nominal consideration.

Shenzhen Hanchu and its subsidiary were not part of our Group nor its predecessor. Based on the best knowledge and information of Mr. Zhang, (i) Shenzhen Hanchu and its subsidiary, being Jiangsu Hanchu Energy Tech Company Limited* (江蘇漢儲能源科技有限公司), were deregistered in September 2024 and December 2018, respectively; (ii) Shenzhen Hanchu and its subsidiary did not register the words or brands of “Hanchu” (漢儲) since the establishment of Shenzhen Hanchu and prior to their deregistration which were in the same or related trademark classification categories as those registered by the Group; (iii) he is not aware of any past or potential disputes, claims or legal proceedings between Shenzhen Hanchu and our Group for the usage of the words or brands of “Hanchu” (漢儲); (iv) he is not aware of any relationship between the Group and the substantial shareholders, directors, supervisors or senior management of Shenzhen Hanchu or any of their respective associates prior to the deregistration of Shenzhen Hanchu.

During the period from June 2019 to August 2021, Mr. Zhang invested in Shanghai Sermatec Energy Technology Co., Ltd.* (上海采日能源科技有限公司), a company specializes in the manufacturing of energy storage products, system integration, and investment and operation of energy storage power stations through a limited partnership. He also served as, among other roles, a deputy general manager of Shanghai Sermatec Energy Technology Co., Ltd, where his primary responsibilities included formulating and implementing corporate strategies and operational plans. From August 2021 to November 2022, Mr. Zhang served as a deputy general manager at Jiangsu Yuanying Technology Co., Ltd.* (江蘇源鷹科技有限公司), a company focused on the research and application of energy storage products, including battery

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

management systems (BMS), standardized energy storage products, and energy storage system solutions, where he was primarily responsible for setting and implementing corporate strategies and business plans to achieve the company’s management and development goals.

Mr. Zhang obtained a bachelor’s degree in Process Equipment and Control Engineering from Jiangnan University (江南大學) in June 2011. He then obtained a master’s degree in business administration at Zhejiang University (浙江大學) in June 2022.

Mr. Liu Ziyi (劉子葉), aged 38, is an executive Director and the executive president of our Company, primarily responsible for overseeing daily operations of our Company, leading the management team in accomplishing business goals and growth plans. Mr. Liu founded our Company in January 2019, and served as a general manager. Subsequently, he served as a deputy general manager from December 2022 to September 2024. Mr. Liu subsequently served as the executive president of our Company. He was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. In addition, Mr. Liu is an executive director of Jiangsu Keguo, a subsidiary of our company. Mr. Liu is one of our Controlling Shareholders, see “Substantial Shareholders” in this document for further details of his interests for the purpose of Part XV of the SFO.

Mr. Liu has over 13 years of experience in the energy industry. From October 2010 to September 2011, he was a supplier quality engineer at York (Wuxi) Air Conditioning and Refrigeration Co., Ltd.* (約克(無錫)空調冷凍設備有限公司), a company specializes in the production and design of industrial refrigeration, where his primary responsibilities included the implementation and management of quality control processes. From December 2012 to January 2017, he led, assisted in and participated in multiple entrepreneurial photovoltaic and energy storage development projects within the PRC, including the “30MW photovoltaic project of Guosheng Sunshine in Wenquan County” (溫泉縣國盛陽光30MW光伏項目) and the “30MW photovoltaic project of Guolian Sunshine in Fuyun County” (富蘊國聯陽光30MW光伏項目). From January 2017 to January 2019, Mr. Liu was a deputy general manager and project director at Beijing Yunwai New Energy Technology Co., Ltd.* (北京雲外新能源科技有限責任公司), a company engaging in energy digitalization and smart management, where his primary responsibilities included assisting the general manager in overseeing the company’s daily operations, and optimizing project management processes to enhance overall project effectiveness and efficiency.

Mr. Liu was an executive director of Shanghai Guike Technology Co., Ltd.* (上海櫃客科技有限), which was established in the PRC, principally engaged in the development of smart devices, new energy technology and energy-saving technology, prior to its deregistration on January 29, 2021. Mr. Liu confirmed that the aforesaid company was solvent and was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Liu obtained a bachelor’s degree in process equipment and control from Jiangnan University (江南大學) in June 2011.

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Mr. Liu was appointed as an expert of the expert pool of Jiangsu Province Energy Storage Industry Association* (江蘇省儲能行業協會專家庫專家) for a term from August 2023 to August 2026. He was also appointed as a council member of the Advanced National Engineering Research Center of Storage Materials (先進儲能材料國家工程研究中心) for a term from September 2023 to September 2026.

Dr. Bai Yang (白洋), aged 41, is an executive Director, a senior deputy president, a general manager of the domestic business unit, a technical director of the domestic business unit and the chief engineer of our Company, primarily responsible for overseeing daily operation of our domestic business unit, product R&D, and regulating the technical team’s daily work. He joined our Group in May 2023 as a chief engineer and a technical director, and has served as a senior deputy president, a general manager and a technical director of our domestic business unit since September 2024. Dr. Bai was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. Dr. Bai holds approximately 24.11% of the partnership interests in Wuxi Luanhua, our senior management incentive shareholding platform, which in turn will hold [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Dr. Bai has over 11 years of experience in the energy and manufacturing industry. From November 2013 to July 2016, he was an electric control calibration engineer at BAIC Motor Powertrain Co., Ltd. (北京汽車動力總成有限公司), a company engaged in research, design, and manufacturing of automotive engines and transmission assemblies, where his responsibilities included testing and maintaining the electrical systems of products, collecting performance data, developing new product plans, and installing and testing motor controllers. From July 2016 to September 2018, Dr. Bai was a chief engineer at Shanghai Yushuo Energy Technology Co., Ltd. (上海譽碩能源科技有限公司), a company focused on the development and investment in new energy power stations, innovation in energy storage technology, and smart energy solutions utilizing big data and IoT technology for real-time equipment monitoring and precise diagnostics, where his primary responsibility included company’s technical planning, team management, and project execution. From October 2018 to September 2021, Dr. Bai was the chief engineer and deputy general manager at Jiangsu Baohang Energy Technology Co., Ltd.* (江蘇寶航能源技術有限公司), a company engaged in the research, manufacturing, sales, installation, and debugging of energy storage converter systems and battery management systems, where his responsibilities included leading technical innovation and R&D, ensuring product quality and the implementation of technical standards, and assisting the general manager in managing the company’s daily operations and strategic planning. From October 2021 to April 2023, Dr. Bai served as the director of energy storage projects at Sinochem International Corporation (中化國際(控股)股份有限公司), a company engaged in research, production, and sales of fine chemicals, including new chemical materials and agricultural chemicals, where his primary responsibilities included oversees project planning, execution, and resource coordination to ensure timely delivery, technical compliance, and alignment with business objectives.

Dr. Bai obtained a bachelor’s degree in electrical engineering and automation from Yanshan University (燕山大學) in July 2006. He then received a master’s degree in automotive and motorsports engineering and a doctor’s degree in mechanical engineering at Brunel University in July 2009 and May 2014, respectively.

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Mr. Zhu Shuaishuai (朱帥帥), aged 34, is an executive Director, a senior deputy president, a general manager of our overseas business unit, and a product director of the overseas business unit of our Company, primarily responsible for overseeing daily operation of our overseas business unit and marketing activities, formulating and executing business strategies, expanding markets and maintaining customer relationships. He joined our Group in April 2019 as a deputy general manager and a product director, and served as a general manager and a product director of our overseas business unit since September 2024. Mr. Zhu served as a supervisor of our Company from March 2021 to February 2025. Additionally, Mr. Zhu is a supervisor of Guoxia Intelligent Equipment, a subsidiary of our company. Mr. Zhu was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. Mr. Zhu holds approximately 20.63% of the partnership interests in Wuxi Xiyun, our core employee incentive shareholding platform, which in turn will hold [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Mr. Zhu has over 11 years of experience in the energy and power industry. From July 2013 to March 2019, he served as a senior project manager at Jiangsu Zhenfa Holding Group Co., Ltd.* (江蘇振發控股集團有限公司), a company engaged in the project development, investment, construction, and operation and maintenance of solar photovoltaic power stations, as well as module energy integration, where his primary responsibilities included overall supervision and management of the project teams, planning, executing, monitoring, and closing projects, as well as optimizing project resources allocation and risk control.

Mr. Zhu was a supervisor of Shanghai Guike Technology Co., Ltd.* (上海櫃客科技有限公司), which was established in the PRC and principally engaged in the development of smart devices, new energy technology and energy-saving technology, prior to its deregistration on January 29, 2021. Mr. Zhu confirmed that the aforesaid company was solvent and was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Zhu obtained a bachelor’s degree in optoelectronic information science and technology from Jiangnan University (江南大學) in June 2013.

Mr. Zhu was appointed as an expert of the expert pool of the Jiangsu Province Energy Storage Industry Association* (江蘇省儲能行業協會專家庫專家) from August 2023 to August 2026.

Mr. Wang Zhenlin (王振淋), aged 35, is an executive Director, a deputy president, an assistant to the chairman of our Board, and a finance director of our Company, primarily responsible for assisting the Chairman in managing our Company’s operations, executing corporate strategies, and overseeing financial activities. Mr. Wang joined our Group in September 2022 as an assistant to the Chairman and a financial director and served as a deputy president since September 2024. Mr. Wang was appointed as an executive Director on April 18, 2025. Mr. Wang holds approximately 4.68% of the partnership interests in Wuxi Luanhua, our senior management incentive shareholding platform, which in turn will hold [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

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Mr. Wang has over 10 years of corporate management experience. From March 2014 to February 2020, Mr. Wang was a financial deputy manager of the East China region at China Resources Land Ltd. (華潤置地有限公司), a company engaged in development and sales of residential and commercial properties and real estate management, where his primary responsibilities included overseeing the company’s financial strategy, budgeting, financial reporting. From February 2020 to November 2020, he served as the commercial and financial manager for the East China region at Shanghai Xinwei Real Estate Development Co., Ltd.* (上海鑫威房地產開發有限公司), a company involved in real estate development, where his primary responsibilities included coordinating financial statistics and analysis for commercial operations and property management, determining financial settlement processes, and overseeing financing and capital allocation. From November 2020 to October 2021, Mr. Wang was an asset management director at Shanghai Rongcheng Enterprise Management Co.* (上海容承企業管理有限公司), a company focusing on property management, consulting in the field of environmental protection technology and construction engineering technology, and was wholly owned by Shimao Group Holdings Limited (世茂集團), where his primary responsibilities included daily operations and management of the asset management department, formulating and executing asset management strategies, supervising the preservation and appreciation of assets, and ensuring asset safety and compliance.

Mr. Wang obtained a bachelor’s degree in accounting from Jiangsu University (江蘇大學) in June 2012.

Independent non-executive Directors

Mr. Qian Kaiming (錢凱明) (formerly known as Mr. Qian Qifan (錢麒帆)), aged 60, was appointed as an independent non-executive Director on [•], primarily responsible for supervising and providing independent opinion to our Board.

Mr. Qian has extensive experience in finance and management. From June 1986 to February 1993, he served as a budget accountant of Changzhou City Wujin District Panjia Town Finance Office, where he was primarily responsible for compiling and managing government budgets, preparing financial statements, and assisting in audit matters. From March 1993 to October 1998, he served as a deputy head and the head of Changzhou City Wujin District Xueyan Town Finance Office, where he was primarily responsible for formulating and implementing fiscal plans, strengthening fiscal supervision, and ensuring the safe use of fiscal funds. From October 1998 to April 2000, he was elected as a member of the third session of the Communist Party of China Committee of the People’s Government of Changzhou City Wujin District Xueyan Town and the deputy secretary of Commission for Discipline Inspection of Xueyan Town. From May 2000 to September 2005, Mr. Qian served as a deputy general manager at Changzhou Shunfeng Power Generation Equipment Co., Ltd.* (常州順風發電設備有限公司), where, among other duties, he was responsible for reviewing company’s budgets. On October 25, 2005, Mr. Qian was appointed as a deputy general manager for a term of five years at Jiangsu Shunfeng Photovoltaic Technology Co., Ltd.* (江蘇順風光電科技有限公司), where he was responsible for managing the company’s financial operations, formulating financial plans, preparing financial reports, assessing financial risks, and leading the finance team to achieve strategic goals. From August 2010 to February 2013, he served as an executive director of Shunfeng Photovoltaic International Co., Ltd. (currently known as Shunfeng International Clean Energy Limited, a company listed on the Stock Exchange, stock code: 1165). From December 2013 to April 2025,

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he served as the general manager of Changzhou Kuangda Sunshine Energy Co., Ltd.* (常州曠達陽光能源有限公司). From April 2014 to May 2020, he served as a director of Jiangsu Kuangda Automobile Textile Group Co., Ltd. (江蘇曠達汽車織物集團股份有限公司) (currently known as Kuangda Technology Group Co., Ltd., (曠達科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 002516), and concurrently served as the deputy general manager of Kuangda New Energy Investment Co., Ltd. Since December 2023, he has served as the executive director of Kuangda New Energy Investment Co., Ltd. (曠達新能源投資有限公司).

Mr. Qian was a supervisor of Changzhou Shunfeng Petrochemical Environmental Protection Co., Ltd* (常州順風石化環保有限公司), which was established in the PRC and principally engaged in manufacturing environmental pollution control equipments, water supply and drainage pipes, petrochemical equipment parts, prior to its revocation on December 27, 2006. He was also an executive director of Jintan Tianjian Investment Consulting Service Co., Ltd.* (金壇市天健投資諮詢服務有限公司), which was established in the PRC principally engaged in consulting business, prior to its revocation on January 13, 2012. Mr. Qian confirmed that each of the aforesaid companies was solvent and was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Qian obtained a diploma in financial accounting from Jiangsu Radio and Television University in July 1991. Mr. Qian was conferred the qualification of Accountant (會計師), specializing in Accounting (Enterprise) (會計(企業)) by the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部) in October 1994. Mr. Qian obtained a Certificate of Accounting Professional (會計從業資格證書) issued by Changzhou City Wujin District Finance Bureau (常州市武進區財政局) in September 2002.

Ms. Jiang Xingnan (蔣幸男), aged 36, was appointed as an independent non-executive Director on [•], primarily responsible for supervising and providing independent opinion to our Board.

Ms. Jiang has over seven years of experience in investment and management. Since August 2017, she has been working at Tyee Capital Group (HK) Limited, primarily responsible for conducting due diligence, leasing investment research and overseeing key decision-making process.

Ms. Jiang obtained her bachelor’s degree of arts from the University of Melbourne in 2012, subsequently she obtained a master’s degree in Early Childhood Education from the same institution in 2014.

Dr. Jiang Wei (蔣偉), aged 57, was appointed as an independent non-executive Director on [•], primarily responsible for supervising and providing independent opinion to our Board.

Dr. Jiang has an impressive career in research and higher education. Dr. Jiang was promoted to the rank of Associate Profession with tenure at Stevens Institute of Technology. From January 2009 to December 2010, he was employed by the Hong Kong University of Science and Technology as Visiting Associate Professor of Industrial Engineering and Logistics Management. Since April 2011, Dr. Jiang has been a professor at the Antai College of Economics and Management of Shanghai Jiao Tong University. Dr. Jiang has also been serving as an independent director of Shanghai NAR Industrial Co., Ltd. (上海納爾實業股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 002825, since August 2019.

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Dr. Jiang was awarded the Distinguished Young Scientist Fund Recipient of the National Natural Science Foundation of China* (國家自然科學基金委員會傑出青年科學基金), and was recognized as Shanghai Outstanding Academic Leader* (上海市優秀學術帶頭人).

Dr. Jiang obtained a bachelor’s degree of science in applied mathematics from Xi’an Jiaotong University in 1989. Dr. Jiang obtained a master’s degree of science from Xi’an Jiaotong University in 1992. Dr. Jiang obtained his doctor’s degree from Hong Kong University of Science and Technology in 2000.

OUR SUPERVISORS

Our Board of Supervisors comprises three members, among whom, one Supervisor is an employee representative Supervisor and two Supervisors are appointed by the Shareholders. The functions and duties of our board of Supervisors include supervising the daily operation and management of our Company and duties in accordance with the Articles of Association, and all applicable laws and regulations. The table below sets forth certain information in respect of our Supervisors:

Name	Age	Position(s)	Date of first joining our Group	Date of appointment as Supervisor	Roles and responsibilities	Relationship with other Director(s), Supervisor(s) and the senior management
Ms. Sun Beibei (孫蓓蓓)	36	Chairman of the Board of Supervisors	November 13, 2023	February 25, 2025	Supervising the daily operations and management of the overseas business unit, setting, implementing, and achieving marketing objectives in overseas markets, as well as managing and building the overseas team	None
Mr. Qian Zenglei (錢增磊)	35	Supervisor	November 1, 2021	February 25, 2025	Supervising the daily operation and management of our Company, formulating and implementing digitalization and AI strategies, managing the operations of our digital center, and promoting digital and AI transformation to enhance organizational efficiency and business development	None
Ms. Hu Yifang (胡一芳)	49	Employee representative Supervisor	April 1, 2019	February 25, 2025	Supervising the daily operation and management of our Company, overseeing financial matters, and cash settlement	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervisors

Ms. Sun Beibei (孫蓓蓓), aged 36, is the chairman of our Board of Supervisors, a deputy general manager of our overseas business unit and a operation director of the overseas business unit of our Company, primarily responsible for supervising the daily operations and management of the overseas business unit, setting, implementing, and achieving marketing objectives in overseas markets, as well as managing and building the overseas team. Ms. Sun joined our Group in November 2023 as an operation director, and has been serving her current position since September 2024. She was appointed as the Chairman of our Board of Supervisors on February 25, 2025. Ms. Sun holds approximately 7.25% of the partnership interests in Wuxi Jiqing, our employee incentive shareholding platform, which in turn will hold [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Ms. Sun has over 14 years of experience in overseas market development. From March 2011 to November 2014, she was a salesperson at Jiangsu Nyingchi Shanyang Group Co., Ltd.* (江蘇林芝山陽集團有限公司), a company engaged in the production and sale of three-wheeled motorcycles, where her primary responsibilities included developing overseas markets and assisting the business manager with order tracking. From December 2014 to October 2023, Ms. Sun served as sales director at Wuxi Lees Power Co., Ltd. (無錫能電動力科技有限公司), a company focused on the production and sale of diesel generator sets, where her primary responsibilities included business development in overseas markets, achieving sales performance targets, and building and managing the sales team.

Ms. Sun obtained a bachelor’s degree in English from Jiangnan University (江南大學) in June 2011.

Mr. Qian Zenglei (錢增磊), aged 35, is a Supervisor and the digital director of the overseas business unit of our Company, primarily responsible for supervising the daily operation and management of our Company, formulating and implementing digitalization and AI strategies, managing the operations of our digital center, and promoting digital and AI transformation to enhance organizational efficiency and business development. Mr. Qian joined our Group in November 2021 as a digital Director, and has been serving his current position since September 2024. He was appointed as a Supervisor on February 25, 2025. Mr. Qian holds approximately 9.28% of the partnership interests in Wuxi Xiyun, our core employee incentive shareholding platform, which in turn will hold [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Mr. Qian has over 11 years of experience in electronic and internet technologies. Mr. Qian, together with others, founded Wuxi Source Code Technology Co., Ltd* (無錫源代碼科技有限公司) (currently known as Suzhou Original Dynamic Technology Co., Ltd.* (蘇州原代力科技有限公司)) in April 2014, a company focused on IoT technology and high-tech innovative applications, dedicated to the development and design of hardware and software related to electronics and the internet, and he ceased to hold shares in such company in September 2022, and served as, among other roles, a technical director at the company, primarily responsible for leading the technical team, formulating technical strategies, promoting technological innovation, and ensuring the technical realization and quality control of products.

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Mr. Qian obtained a bachelor’s degree in automation and a master’s degree in computer technology from Jiangnan University (江南大學) in June 2012 and June 2015, respectively.

In November 2023, Mr. Qian was certified as Computer Technology and Software Professional Technical Qualification (Senior Qualification) – System Architect* (計算機技術與軟件專業技術資格(高級資格) – 系統架構設計師), jointly issued by the Ministry of Human Resources and Social Security of the People’s Republic of China (中華人民共和國人力資源和社會保障部) and the Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部). In June 2022, he earned the Project Management Professional (PMP) certification from the Project Management Institute (PMI) in the United States.

Ms. Hu Yifang (胡一芳), aged 49, is an employee representative Supervisor and a finance manager of our Company, primarily responsible for supervising the daily operation and management of our Company, as well as overseeing financial matters, and cash settlement. Ms. Hu joined our Group in April 2019 and has been serving as our finance manager since then. She was appointed as an employee representative Supervisor on February 25, 2025. Ms. Hu holds approximately 9.72% of the partnership interests in Wuxi Jiqing, our employee incentive shareholding platform, which in turn will hold [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Ms. Hu has over 24 years of cash management experience. Before joining the company, from July 2000 to September 2017, Ms. Hu served as, among other roles, a manager of financing department at Wuxi Xishan Mingxin Trade Co., Ltd.* (無錫市錫山明新貿易有限公司), a company engaged in international trade activities.

Ms. Hu graduated from the Chinese People’s Liberation Nanjing Army Army Command Academy (中國人民解放軍南京陸軍指揮學院) in June 2010.

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above and in this document, each of our Directors and Supervisors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the shares, underlying shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, Supervisors, senior management or substantial shareholders of our Company as of the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director’s appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OUR SENIOR MANAGEMENT

The table below sets forth certain information in respect of the members of senior management of our Company:

Name	Age	Position(s)	Date of first joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Director(s), Supervisor(s) and the senior management
Mr. Feng Lizheng (馮立正)	35	Chairman of our Board and executive Director	January 4, 2019	January 4, 2019	Overseeing strategic planning and regulating its implementation, representing our Group in external affairs and communication	None
Mr. Zhang Xi (張晰)	36	Executive Director, chief executive officer and general manager	December 1, 2022	September 2, 2022	Overseeing daily operations of our Company, formulating development strategies, and representing our Company in business activities	None
Mr. Liu Ziyue (劉子葉)	38	Executive Director and executive president	January 4, 2019	January 4, 2019	Overseeing daily operations, leading the management team in accomplishing business goals and growth plans	None
Dr. Bai Yang (白洋)	40	Executive Director, senior deputy president, general manager of domestic business unit, technical director of domestic business unit and chief engineer	May 1, 2023	May 1, 2023	Overseeing daily operations of our domestic business unit, product R&D, and regulating the technical team’s daily work	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of first joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Director(s), Supervisor(s) and the senior management
Mr. Zhu Shuaishuai (朱帥帥)	34	Executive Director, senior deputy president, general manager of overseas business unit and product director of overseas business unit	April 1, 2019	April 1, 2019	Overseeing daily operations of our overseas business unit, formulating and executing business strategies, expanding markets and maintaining customer relationships	None
Mr. Wang Zhenlin (王振淋)	35	Executive Director, deputy president, assistant to the chairman of our Board and a finance director	September 15, 2022	September 15, 2022	Assisting the chairman of our Board in managing our company’s operations, executing corporate strategies, and overseeing financial activities	None
Ms. Zhang Yuhan (張宇哈)	36	Deputy president, supply chain director and quality director	December 1, 2022	December 1, 2022	Formulating strategic plans, overseeing supply chain management, ensuring product quality meets standards, and promoting operational efficiency and cost control	None

Mr. Feng Lizheng (馮立正), please see “Our Board of Directors – Executive Directors” in this section for details.

Mr. Zhang Xi (張晰), please see “Our Board of Directors – Executive Directors” in this section for details.

Mr. Liu Ziye (劉子葉), please see “Our Board of Directors – Executive Directors” in this section for details.

Dr. Bai Yang (白洋), please see “Our Board of Directors – Executive Directors” in this section for details.

Mr. Zhu Shuaishuai (朱帥帥), please see “Our Board of Directors – Executive Directors” in this section for details.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Zhenlin (王振淋), please see “Our Board of Directors – Executive Directors” in this section for details.

Ms. Zhang Yuhan (張宇晗), aged 36, is a deputy president, a supply chain director and a quality director of our Company, primarily responsible for formulating strategic plans, overseeing supply chain management, ensuring product quality meets standards, and promoting operational efficiency and cost control. Ms. Zhang joined our Group in December 2022 as a supply chain director and a quality director since then. She served as a deputy general manager of our Company from September 2023 to September 2024, and was subsequently appointed as a deputy president of our Company since September 2024. Ms. Zhang holds approximately 8.16% of the partnership interests in Wuxi Jiqing, our employee incentive shareholding platform, which in turn will hold [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Ms. Zhang has over 12 years of sales and supply chain experience. From July 2012 to September 2021, Ms. Zhang was a senior purchasing engineer and quality engineer at Perkins Power Systems Technology (Wuxi) Co., Ltd.* (無錫珀金斯動力系統科技有限公司), which was a manufacturer of construction machinery, mining equipment, diesel and natural gas engines, industrial gas turbines, and locomotives, where her primary responsibilities included supplier management, execution of purchasing plans, cost control, quality control, and logistics management. From October 2021 to November 2022, Ms. Zhang served as a senior purchasing manager at Liugong Changzhou Machinery Co., Ltd.* (柳工常州機械有限公司), a company engaged in engineering machinery manufacturing, with core business areas including research, production, sales, and after-sales service of various types of engineering machinery, as well as key component manufacturing, financial leasing, and international trade, where her primary responsibilities included developing and executing purchasing strategies, managing supplier relationships, optimizing supply chain costs, ensuring the quality and efficiency of material supplies, and supervising the daily operations of the purchasing team.

Ms. Zhang obtained a bachelor’s degree in transportation equipment information engineering from Central South University (中南大學) in June 2009. She also received a master’s degree in mechanical engineering from Hohai University (河海大學) in June 2012.

Ms. Zhang obtained the Project Management Professional (PMP) certification from the Project Management Institute (PMI) in June 2021, and the PMI Agile Certified Practitioner (PMI-ACP) certification from PMI in July 2022. Further, in September 2022, she received the Certified Supply Chain Professional (CSCP) certification from the American Production and Inventory Control Society. In May 2024, Ms. Zhang received the New Product Development Professional (NPDP) certification from the Product Development and Management Association.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Wang Zhenlin (王振淋) has been appointed as one of our joint company secretaries on April 18, 2025. For details of his biography, please see “Our Board of Directors – Executive Directors” in this section.

Ms. LEUNG Hoi Yan (梁熿欣), has been appointed as one of our joint company secretaries on April 18, 2025. Ms. Leung has rich experience in company secretarial and corporate governance matters of listed companies in Hong Kong. She currently serves as the Assistant Manager, Entity Solutions of Computershare Hong Kong Investor Services Limited.

Ms. Leung holds a bachelor’s degree of commerce (honours) in accounting from Hong Kong Shue Yan University. She is an associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We [have established] an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part II of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Qian Kaiming, Ms. Jiang Xingnan and Dr. Jiang Wei. Mr. Qian holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- examining the authenticity of financial reports of our Company and monitoring financial reporting procedures of our Company;
- examining the effectiveness of risk management and internal control system of our Company;
- ensuring that our Company’s resources in accounting, internal audit and financial reporting functions, qualifications and experience of our Company’s accounting and reporting personnel, and the training and budget for relevant expenditures are adequate;
- reviewing results of internal investigations and responses from management in relation to any suspected dishonesty, non-compliances or suspected violations of laws, rules and regulations;
- evaluating whether our Company has any major internal control defaults or deficiencies;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- evaluating the performance of the audit function and personnel;
- proposing the appointment of external auditors to our Board, and reviewing the qualification, independence and performance of the external auditors; and
- regularly examining the financial reports and annual reports of our Company.

Remuneration Committee

We [have established] a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of part II of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Mr. Jiang Wei, Mr. Feng and Mr. Qian Kaiming. Mr. Jiang serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- formulating the overall remuneration policy and structure of our Company’s Directors, Supervisors and members of the senior management, formulating proper and transparent remuneration procedures and making suggestions to our Board;
- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company’s policies and objectives as approved by our Board from time to time;
- making recommendations to our Board on remuneration of individual executive Directors and member of senior management, including non-monetary benefits, pension rights and amount of compensation (including compensation for loss or termination of office or appointment);
- making recommendations to our Board on remuneration of our non-executive Directors (including independent non-executive Directors), Supervisors, advisers to the Board (if any) and committees of our Board;
- reviewing and approving compensation payable to our executive Directors, Supervisors and members of senior management for loss or termination of office or appointment, so as to ensure that such compensation is consistent with the terms of relevant contracts, and if such compensation is not determined in accordance with the relevant contract terms, compensation should be fair, reasonable and not excessive;
- reviewing and approving compensation arrangements in relation to dismissal or removal of our Directors due to misconduct, so as to ensure that such compensation is consistent with terms of relevant contract, and if such compensation is not determined in accordance with the relevant contract terms, compensation should be fair, reasonable and not excessive; and
- dealing with other matters as required by laws, regulations, rules, articles of our Company, terms of reference and applicable securities regulatory authorities, and other matters that are authorised by the Board.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of part II of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Ms. Jiang Xingnan, Mr. Zhang and Mr. Qian Kaiming. Ms. Jiang serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing the structure, composition and diversity of our Board at least once a year with reference to our Company’s business activities, scale of assets and shareholding structure, and making recommendations to our Board on any change in Board composition in accordance with our Company’s strategies;
- making recommendations on the appointment and re-appointment of our Directors (in particular, the chairperson of our Board, and including our non-executive Directors and independent non-executive Directors) and our chief executive officer;
- conducting search in potential suitable candidates for Directors and making recommendations to our Board on the suitable candidates;
- evaluating the independence of our independent non-executive Directors, the performance of our Directors (including both executive and non-executive Directors) and whether our Directors have devoted sufficient time in performing their duties;
- developing corporate governance standards and procedures and monitoring the implementation of such standards and procedures, and making recommendations to our Board;
- monitoring and overseeing the trainings and continuous professional development plan for our Directors, Supervisors and members of our senior management, and developing and overseeing the compliance of code of conducts and compliance handbook (if any) for our employees, Directors and Supervisors;
- formulating and evaluating our Board diversity policy, and making disclosures in the corporate governance report (which shall be included as part of our annual report) the relevant policies, including the nomination procedures adopted by the nomination committee and standards for the election of our Board members; and
- dealing with other matters that are authorized by our Board or our Articles from time to time, and other matters that are required by applicable laws from time to time.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

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 April 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/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 our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and members of the senior management, who are also our Company’s employees, compensation in the form of salaries, retirement benefit scheme contributions, discretionary bonus, housing allowances and other benefits in kind. Our independent non-executive Directors receive compensation with reference to their respective positions and duties, including being a member or the chairperson of Board committees.

For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, the aggregate amount of remuneration paid or payable to our Directors and Supervisors amounted to approximately RMB0.7 million, RMB1.4 million, RMB1.2 million and RMB4.0 million, respectively. Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB7.2 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

The total emoluments for the five highest paid individuals amounted to RMB2.6 million, RMB7.4 million, RMB6.6 million and RMB3.73 million, for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. Our Company is committed to the view that our Board should include a balanced composition of executive directors, non-executive director and independent non-executive directors so that there is a strong independent element on our Board, which can effectively exercise independent judgement.

To accomplish the above, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [REDACTED].

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management, quality assurance and control and accounting in addition to industry experience relevant to our Group’s operations and business. They obtained degrees in various majors including engineering, information technology, computer technology, applied mathematics, accounting and market economy. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a diverse age, ranging from 34 years old to 60 years old, and gender representation. In particular, one of our Directors and two of our Supervisors are female. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. We will continue to apply the principles of appointments based on merits with reference to our board diversity policy as a whole.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. Upon [REDACTED], our Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. In recognizing the particular importance of gender diversity, we target to maintain at least one female Director and at least 10% female representations in our Board, subject to our Directors (i) being satisfied with the competence and

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

experience of the relevant candidates after a comprehensive review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of our Company and our Shareholders as a whole when deliberating on the appointment. Our Nomination Committee will use its best endeavors to actively identify and recommend additional suitably qualified female candidates to be nominated as members of the Board upon [REDACTED] (keeping in mind the importance of management continuity and the timeline for retirement and reappointment of Directors under the Articles of Association), in order to further enhance our Board’s gender diversity in the long run. To develop a pipeline of potential female successors to the Board, our Company will (i) ensure that there is gender diversity when recruiting staff at mid to senior levels; and (ii) engage more resources in training female staff with the aim of promoting them to be members of our senior management or the Board. The Nomination Committee will also include in annual reports a summary of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives.

We are also committed to adopting similar approach to promote diversity at the senior management level to enhance the effectiveness of our corporate governance.

COMPLIANCE ADVISOR

We have appointed China Everbright Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company in certain circumstances including:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, 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 to our Company regarding unusual movements in the price or trading volume of our [REDACTED] securities or any other matters in accordance with 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 term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and following the completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB94,588,235, comprising 94,588,235 Unlisted Shares with a nominal value of RMB1.0 each. Upon [REDACTED], the ordinary shares of the Company will be split on a one for five basis, and the aforementioned registered share capital of the Company of RMB94,588,235 will be divided into [REDACTED] Shares of par value RMB[0.2] 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:

Description of Shares	Number of Shares	Approximate percentage of total share capital
		%
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares ^(note)	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

Note: Please see “Conversion of our Unlisted Shares into H Shares” in this section for further details.

SHARE CAPITAL

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of total share capital
		%
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares ^(note)	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

Note: Please see “Conversion of our Unlisted Shares into H Shares” in this section for further details.

OUR SHARES

Upon completion of the [REDACTED], and conversion of [REDACTED] 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 classes 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], our Company will have two types of ordinary Shares, namely Unlisted Shares and H Shares.

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the Unlisted Shares may be converted into H Shares, and such converted Shares may be [REDACTED] and traded on an overseas stock exchange provided that the conversion, [REDACTED] and [REDACTED] of such converted Shares have been filed with the securities regulatory authorities of the

SHARE CAPITAL

State Council. In addition, such conversion, [REDACTED] and [REDACTED] shall complete any requisite internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Our Company has applied for a “full circulation” filing when filing with the CSRC on April 30, 2025 for our overseas [REDACTED] on the Stock Exchange. Our Company [has received] the filing notice from the CSRC dated [•] in relation to the registration of our overseas [REDACTED] on the Stock Exchange and the “full circulation”. Accordingly, a total of [REDACTED] Unlisted Shares held by the existing Shareholders [were approved] to be converted into H Shares on a one-for-one basis, and the converted H Shares will be [REDACTED] on the Stock Exchange (upon completion of the Share Subdivision), details of the relevant Shareholders and the number of Unlisted Shares to be converted into H Shares upon completion of the [REDACTED] are set out below:

Shareholder	Number of Unlisted Shares to be converted to H Shares upon completion of the [REDACTED] (assuming the Share Subdivision is completed)
Hainan Xuding	[REDACTED]
Mr. Chen Junde	[REDACTED]
Wuxi Luanhua	[REDACTED]
Mr. Cai Guoming	[REDACTED]
Wuxi Xiyun	[REDACTED]
Kaibo Hongcheng	[REDACTED]
Mr. Lin Guodong	[REDACTED]
Wuxi Yuebai	[REDACTED]
Mr. Liu	[REDACTED]
Mr. Feng	[REDACTED]
Mr. Zhang	[REDACTED]
Shenzhen Ningqian	[REDACTED]
Wuxi Jiqing	[REDACTED]
Total	[REDACTED]

SHARE CAPITAL

If any of the other Unlisted Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such [REDACTED], [REDACTED] and [REDACTED] will need the filing with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. Based on the procedures for the conversion of Unlisted Shares into H Shares as described below, we may apply for the [REDACTED] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [REDACTED]. As any [REDACTED] of additional Shares after our [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong. Any application for [REDACTED] of the converted shares on the Stock Exchange after our initial [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the [REDACTED] and we will re-register such Shares on our [REDACTED] maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our [REDACTED] 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 [REDACTED] 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 CCASS and the CCASS Operational Procedures in force from time to time. Until the converted shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares.

LOCK-UP PERIODS

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 [REDACTED] shares are [REDACTED] and traded 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].

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 25% 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.

SHARE CAPITAL

The “Trial Measures for the Administration of Domestic Enterprises’ Overseas Securities Issuance and Listing” (Announcement No. 43 of 2023 of the China Securities Regulatory Commission) stipulates that domestic unlisted shares shall be centrally registered and custodied by domestic securities depository and settlement institutions. The registration and settlement arrangements for overseas – listed shares shall comply with the regulations of the overseas listing place.

The “Detailed Rules for the Registration and Custody of Non-Overseas-Listed Shares of Overseas Listed Companies by China Securities Depository and Clearing Corporation Limited” (China Settlement Announcement No. 36 of 2025) specifies that listed companies shall promptly apply to China Securities Depository and Clearing Corporation Limited for initial registration of non-overseas-listed shares in accordance with the relevant regulations of the China Securities Regulatory Commission. Initial registration, reduction of existing shares, share transfer registration, pledge registration, and distribution of entitlements services shall all be handled by applying to China Securities Depository and Clearing Corporation Limited.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING ARE REQUIRED

For details of circumstances under which our Shareholders’ general meeting are required, please see “Summary of Articles of Association – General Meeting” in Appendix V to this document.

EMPLOYEE INCENTIVE SCHEMES

We have adopted several employee incentive schemes during the Track Record Period. Please see “Statutory and General Information – Employee Incentive Schemes” in Appendix VI to this document for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general mandate to issue our Shares. Please see “Statutory and General Information – Further Information about Our Group – 4. Resolutions of our Shareholders” in Appendix VI to this document for details.

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 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	As of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] and Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
		Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of our Company (%)	Description of Shares	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Unlisted Shares/H Shares (%)	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽²⁾
Hainan Xuding	Beneficial owner ⁽³⁾	138,240,000	29.23%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Feng	Beneficial owner	12,645,000	2.67%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽³⁾	138,240,000	29.23%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	67,005,000	14.17%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁶⁾	1,530,000	0.32%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Chen Junde	Beneficial owner	73,260,000	15.49%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Luanhua	Beneficial owner ⁽⁴⁾	67,005,000	14.17%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang	Beneficial owner	8,235,000	1.74%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	67,005,000	14.17%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁵⁾	33,750,000	7.14%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Xiyun	Beneficial owner ⁽⁵⁾	33,750,000	7.14%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Guo Xuelong	Interest in controlled corporation ⁽⁵⁾	33,750,000	7.14%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] and Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
		Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of our Company (%)	Description of Shares	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Unlisted Shares/H Shares (%)	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽²⁾
Wuxi Yuebai	Beneficial owner ⁽⁷⁾	22,680,000	4.80%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Xie Peilin	Interest in controlled corporation ⁽⁷⁾	22,680,000	4.80%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Cai Guoming	Beneficial owner	42,750,000	9.04%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Lin Guodong	Beneficial owner	25,650,000	5.42%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Kaibo Hongcheng	Beneficial owner ⁽⁸⁾	29,408,235	6.22%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Kaibo (Hubei) Private Equity Fund Management Co., Ltd.	Interest in controlled corporation ⁽⁸⁾	29,408,235	6.22%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Xuanming (Hubei) Enterprise Management Consulting Partnership (Limited Partnership)	Interest in controlled corporation ⁽⁸⁾	29,408,235	6.22%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zheng Xuyi	Interest in controlled corporation ⁽⁸⁾	29,408,235	6.22%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Changzhou Shenghai Intelligent Technology Co., Ltd.	Interest in controlled corporation ⁽⁸⁾	29,408,235	6.22%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhao Shengyu	Interest in controlled corporation ⁽⁸⁾	29,408,235	6.22%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
CALB Group Co., Ltd.	Interest in controlled corporation ⁽⁸⁾	29,408,235	6.22%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

1. All interests stated are long positions. The number of Shares as of the Latest Practicable Date is the number assuming the Share Subdivision is completed. Please see “History, Development and Corporate Structure” for details of the Share Subdivision.
2. For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
3. As of the Latest Practicable Date, Hainan Xuding was held as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu. Therefore, Mr. Feng is deemed to be interested in the Shares held by Hainan Xuding under the SFO. Mr. Liu is one of our Controlling Shareholders, see “Relationship with Our Controlling Shareholders – Our Controlling Shareholders” for further information.
4. Wuxi Luanhua is a senior management incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Luanhua was owned as to (i) approximately 0.54% by its sole general partner, Mr. Feng, and (ii) approximately 70.68%, 24.11% and 4.68% by Mr. Zhang, Dr. Bai and Mr. Wang, respectively. Therefore, Mr. Feng and Mr. Zhang are deemed to be interested in the Shares held by Wuxi Luanhua under the SFO.
5. Wuxi Xiyun is a core employee incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Xiyun was owned as to (i) approximately 1.06% by its sole general partner, Mr. Zhang, (ii) approximately 37.13% by its limited partner, Mr. Guo Xuelong, and (iii) approximately 61.81% by its other five limited partners, none of which individually owned more than one-third of the partnership interests in Wuxi Xiyun. Therefore, Mr. Zhang and Mr. Guo Xuelong are deemed to be interested in the Shares held by Wuxi Xiyun under the SFO.
6. Wuxi Jiqing is an employee incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Jiqing was owned as to (i) approximately 0.09% by its sole general partner, Mr. Feng, and (ii) approximately 99.91% by its 20 limited partners, none of them individually owned more than one-third of the partnership interests in Wuxi Jiqing. Therefore, Mr. Feng is deemed to be interested in the Shares held by Wuxi Jiqing under the SFO.
7. Wuxi Yuebai is a limited liability partnership established in the PRC. As of the Latest Practicable Date, Wuxi Yuebai was owned as to (i) approximately 42.34% by its sole general partner, Ms. Xie Peilin, and (ii) approximately 19.46% by Ms. Zhang Panpan, 15.83% by Mr. Tao Wei, 11.67% by Ms. Zhou Qiong, 4.86% by Ms. Cui Yanan, 3.89% by Mr. Liu Xin and 1.95% by Ms. Xu Siyue, respectively. Therefore, Ms. Xie Peilin is deemed to be interested in the Shares held by Wuxi Yuebai under the SFO.
8. Kaibo Hongcheng is a limited liability partnership established in the PRC. As of the Latest Practicable Date, Kaibo Hongcheng was owned as to (i) approximately 0.91% by its sole general partner, Kaibo (Hubei) Private Equity Fund Management Co., Ltd.* (凱博(湖北)私募基金管理有限公司), which was held as to 70% by Xuanming (Hubei) Enterprise Management Consulting Partnership (Limited Partnership)* (宣明(海南)企業管理諮詢合夥企業(有限合夥)), which was in turn held as to 96% by its general partner, Mr. Zheng Xuyi (鄭緒一), and (ii) approximately 49.55% by Changzhou Shenghai Intelligent Technology Co., Ltd.* (常州市昇海智能科技有限公司), which was wholly owned by Mr. Zhao Shengyu (趙盛宇), and (iii) approximately 49.55% by CALB Group Co., Ltd. (中創新航科技集團股份有限公司), a company listed on the Stock Exchange (stock code: 3931) with no shareholder holding more than one third of its voting rights. Therefore, Kaibo (Hubei) Private Equity Fund Management Co., Ltd., Xuanming (Hubei) Enterprise Management Consulting Partnership (Limited Partnership), Mr. Zheng Xuyi, Changzhou Shenghai Intelligent Technology Co., Ltd., Mr. Zhao Shengyu and CALB Group Co., Ltd. are deemed to be interested in the Shares held by Kaibo Hongcheng under the SFO.

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.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025 included in the Accountants’ Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRSs, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations, issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the “Risk Factors” and “Business” section in this document.

In evaluating our business, you should carefully consider the information provided in the “Risk Factors” and “Business” section in this document.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a renewable energy solutions and products provider based on platform technology and driven by AI in the energy storage industry in the PRC. We specialize in the R&D and provision of ESS solutions and products to our customers and/or the end users. Our ESS solutions and products serve and is capable of serving diverse applications across large-scale power side and grid-side, commercial and industrial and residential scenarios in both the PRC market and overseas markets. We are dedicated to the energy storage sector and implemented a globalization strategy. According to CIC, we were among the early participants in the industry to achieve cloud integration for ESS solutions and/or products and develop a full-scenario cloud platform for digitalized energy management.

After years of dedicated efforts, we have achieved rapid growth during the Track Record Period. Our revenue increased from RMB141.8 million for the year ended December 31, 2022 to RMB314.3 million for the year ended December 31, 2023, and further increased to RMB1,025.6 million for the year ended December 31, 2024, representing a CAGR of 168.9%. Our revenue increased from RMB90.6 million for the six months ended June 30, 2024 to RMB691.4 million for the six months ended June 30, 2025. Our gross profit increased from RMB35.6 million for the year ended December 31, 2022 to RMB84.0 million for the year ended December 31, 2023, and further increased to RMB155.0 million for the year ended December 31, 2024, representing a CAGR of 108.6%. Our gross profit increased from RMB11.8 million for the six months ended June 30, 2024 to RMB86.3 million for the six months ended June 30, 2025. In the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our gross profit margin was 25.1%, 26.7%, 15.1%, 13.0% and 12.5% respectively.

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BASIS OF PRESENTATION OF OUR FINANCIAL INFORMATION

Our historical financial information has been prepared in accordance with HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations, issued by the HKICPA. Our historical financial information has been prepared under the historical cost convention, except for financial instruments at fair value through profit or loss (“FVTPL”) and bills receivable, which have been measured at fair value. All HKFRS Accounting Standards effective for the accounting periods commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period and in the period covered by the interim comparative financial information. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on consolidation.

The preparation of our 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. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each financial year during the Track Record Period, that have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed in Note 3 to the Accountants’ Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our operating results have been and will continue to be affected, directly and indirectly, by a number of factors set forth below. The following factors are not exhaustive and our business and financial condition and operating results may also be affected by the risk factors set forth in the “Risk Factors” in this document. Our Directors believe that the major factors that affect our operating results include:

- Fluctuation in raw material prices;
- End markets that we serve and fluctuation in customer demand;
- Investment in R&D; and
- Production capacity management and expansion.

Fluctuation in Materials and Components Prices

Any significant increase in the cost of raw materials could affect our profitability and cash flows as additional working capital would be tied up on inventory of materials and components. During the Track Record Period, our materials and components costs was the largest component of our cost of sales. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025,

FINANCIAL INFORMATION

our materials and components costs were RMB100.3 million, RMB198.7 million, RMB819.3 million, RMB74.1 million and RMB532.2 million, respectively, accounting for 94.4%, 86.3%, 94.1%, 94.1% and 87.9% of our total cost of sales, respectively. The primary raw materials for our production are lithium-Ion batteries that use Lithium carbonate (Li₂CO₃) as the cathode material. Therefore, the price of lithium iron phosphate has a significant impact on our results of operations. According to the CIC Report, the global price of lithium carbonate increased significantly during the period from 2019 to 2022, it increased from USD7.1 thousand per ton in 2019 to USD31.4 thousand per ton in 2021 and reached the peak of USD72.6 thousand per ton in 2022. This is due to supply-demand imbalances and market dynamics led by boom of electric vehicle market. In 2023, the price of lithium carbonate decreased to USD14.3 thousand per ton as new lithium mines were put into production. And the price remained stable afterwards, in 2024, the price was USD11.4 thousand per ton. The prices of lithium carbonate are determined principally by market forces as well as our bargaining power with our suppliers. We have implemented comprehensive supply chain management measures and maintain a diversified base of suppliers, which we believe will continue to enable us to maintain a stable supply chain to mitigate the risk of price fluctuations of our key materials and components. We generally procure materials and components from suppliers through non-exclusive supply contracts. The prices of such materials and components are generally fixed for the effective term of the supply contract, which allows us to better manage our procurement cost and provide customers with more accurate pricing on our products. We have also engaged in strategic cooperation with major suppliers of materials and components to primarily lock the price of our key materials and components in advance. Because we adjust our selling prices taking into account our costs, including fluctuations in material prices, our revenue is affected by fluctuations in materials and components costs. To the extent we cannot manage fluctuations in raw material prices or fail to pass along such fluctuations in material and components costs to customers, our profit margin would be affected.

The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in materials and components costs on our net profit for the years indicated:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	Change in net profit	Change in net profit	Change in net profit	Change in net profit	Change in net profit
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
+5%	(5,015)	(9,936)	(40,966)	3,707	(26,608)
+2%	(2,006)	(3,974)	(16,386)	(1,483)	(10,643)
+1%	(1,003)	(1,987)	(8,193)	(741)	(5,322)
-1%	1,003	1,987	8,193	741	5,322
-2%	2,006	3,974	16,386	1,483	10,643
-5%	5,015	9,936	40,966	3,707	26,608

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End Markets that We Serve and Fluctuation in Customer Demand

During the Track Record Period, our downstream end markets are mainly different ESS products end users, such as grid operators, power plants, commercial and industrial users, and residential users, supporting diverse energy storage applications. The demands from the downstream end markets for our ESS solutions and products were the major drivers for our growth during the Track Record Period and are expected to continue to drive our growth in the future.

Factors such as integration of renewable energy, energy consumption efficiency improvement demand, policies supports, development of energy storage related technology are critical to customer demand in our downstream end markets. Driven by various favorable factors, the customer demand in our downstream end markets have grown significantly in recent years. According to the CIC Report, increasing percentage of power will be generated by renewable energy. Meanwhile, the industry is expected to become smarter through adopting advanced technologies such as AI. 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. 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.

The strong demands for our products could provide us with stronger bargaining power and help us to become profitable. According to the CIC Report, there has been an undersupply of our products in recent years and the markets of our products still have great potential of increase in the future. To capture sales opportunities brought by such undersupply, we have been expanding and will continue to expand our production capacity and output. Higher margins are typically associated with the economies of scale from higher utilization of our production capacity to meet growing customer demands. Our ability to price our products is also substantially affected by the prevailing market trend.

Investment in R&D

Our results of operations partially depend on our ability to maintain our technical edge, keep abreast with the technological upgrade and timely adapt to evolving industry trends. Therefore, we have continuously invested in R&D to maintain and promote our technological capabilities. Our R&D expenses amounted to RMB3.8 million, RMB16.8 million and RMB31.6 million, for the year ended December 31, 2022, 2023 and 2024 respectively, representing 2.7%, 5.3% and 3.1% of our total revenue for the same years, respectively, and RMB12.3 million and RMB16.7 million for the six months ended June 30, 2024 and 2025, respectively, representing 13.6% and 2.4% of our total revenue for the same periods, respectively. Our investment in R&D not only enables us to continuously improve overall operational efficiency and optimize product performance while reducing costs, but also to explore the energy consumption scenarios, integrate around energy consumption scenarios, further explore the pain points of our customers and the end users, further build our product and/or service matrix, and develop the corresponding software and/or hardware products and/or services to satisfy the needs of our customers and the end users.

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Our strong R&D capabilities enable us to equip our products with unique features and selling points, enhancing their overall competitiveness, brand image, and market influence, allowing us to stand out in a highly competitive market. As of the Latest Practicable Date, we had 78 patents, among which 17 are invention patents, 17 are utility model patents, and 44 are design patents. For further details, please see “Business – Intellectual Property” in this section. As of the Latest Practicable Date, we have been recognized as a “National High-Tech Enterprise”; a “Jiangsu Provincial Gazelle Enterprise (Technology-Based Enterprise)”; a “Jiangsu Unicorn Enterprise” and a “Jiangsu Provincial Specialized, Sophisticated, and Innovative Small and Medium-Size Enterprise”. These accolades affirm our strong R&D capabilities and innovative prowess.

We believe our R&D strategy enables us to address more market demands, expand our sales, and effectively compete against our competitors, which we believe positively affect our results of operations and financial condition.

Production Capacity Management and Expansion

We strategically invest in expanding our production capacity based on market demand for our products, which on the one hand ensures we can timely fulfill customer orders, and on the other hand, avoids excessive expenditure on facility expansion and inventory management. We have established a streamlined and efficient production process, which contributes to our ability to manage production costs and improve our profit margins. To match the expected changes in customer demand, we expect to increase our production capacities through procurement of two new production lines and upgrade of existing production facilities and equipment so as to meet customers’ expected demands for our products. See “Business – Production – Expansion plan” and “Future Plans and Use of [REDACTED]” in this document for details. We believe the above measures of production capacity management and expansion effectively enable us to deliver more products and generate more revenue, while optimizing our costs and profit margin. However, 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 financial conditions and results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates 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 used in the preparation of our consolidated financial statements. Our material accounting policies and estimates, 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.

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Material Accounting Policies

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which 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 revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Energy storage systems business

Revenue from our energy storage systems business primarily arises from sales of energy storage system products and others, which is recognised at the point in time when control of our products is transferred to our customer, generally being when our products are delivered to our customer upon the international trade terms and the risks of obsolescence and loss have been transferred to our customer, and either our customer has accepted our products in accordance with the sales contract.

EPC Services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because our Group’s performance creates or enhances an asset that our customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Others

Revenue from others primarily arises from sales of materials is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the material, and also include revenue from operation and maintenance services, which is recognised over the scheduled period on a time proportion basis because the customer simultaneously receives and consumes the benefits provided by us.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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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.

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 recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are 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 any 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 based on the estimated useful lives of the assets or the lease terms as follows:

Buildings	20 years
Leasehold land	32 years
Motor vehicles	3 years

If ownership of the leased asset transfers to us by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are 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 us and payments of penalties for termination of a lease, if the lease term reflects us 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, we use the 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 future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

We apply the short-term lease recognition exemption to its short-term leases of buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). We also apply the recognition exemption for leases of low-value assets to leases of office equipment that is 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

We also recognise the contract fulfilment cost of inventories from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- 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; and the costs are expected to be recovered.

The contract fulfilment cost recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates. We recognise an impairment loss in the statement of profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates less the costs that relate directly to the provision of those services and that have not been recognised as expenses.

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Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognise such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives used for this purpose are as follows:

Buildings	20 years
Machinery and equipment	10 to 20 years
Electronics equipment	3 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	4 years
Leasehold improvements	5 years

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 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 statement of 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 represents a building under construction, which 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.

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Intangible assets (other than goodwill)

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 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 years end.

Intangible assets with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives as follows:

Purchased software	10 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is recognised and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Share-based payments

We operate two share award schemes under which we granted restricted share to employees and directors. Our employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model.

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 financial year of the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as of the beginning and end of that period.

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our 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 us 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.

Significant Accounting Estimates

Provision for expected credit losses (“ECLs”) on trade receivables and contract assets

We use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing for groupings of various customers that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on our historical observed default rates. We 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, 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.

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. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future.

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Provision for the warranty

We make a provision for the warranty for the ESS business and EPC services according to the best expected settlement under the sales agreement. The provision amount takes into account our recent claims, past warranty data and the weight of all possible results and their related probabilities. As we continue to upgrade our 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 and loss in future years.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of financial year of the Track Record Period. The 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.

Estimation of grant date fair value of restricted shares

We granted restricted shares to our directors and employees during the Track Record Period. We have engaged an independent valuer to evaluate the grant date fair value of the restricted shares, which is determined based on the fair value of our ordinary shares at the grant date of the award. Estimation of the fair value of our ordinary shares involves significant assumptions, such as, risk-free interest rate and volatility, that might not be observable in the market, and it could have significant impact on the share-based payment expenses charged to profit or loss. The amounts of share-based payment expenses for the year ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025 were nil, RMB3.6 million, RMB4.1 million, and RMB2.3 million, respectively.

Leases – Estimating the incremental borrowing rate

We cannot readily determine the interest rate implicit in a lease, and therefore, we use an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

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DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Revenue	141,831	314,307	1,025,613	90,623	691,370
Cost of sales	(106,211)	(230,309)	(870,606)	(78,804)	(605,107)
Gross Profit	35,620	83,998	155,007	11,819	86,263
Other income and gains, net	3,463	9,051	14,628	4,580	15,080
Research and development expenses	(3,787)	(16,811)	(31,578)	(12,303)	(16,657)
Administrative expenses	(3,224)	(14,157)	(26,125)	(12,994)	(32,575)
Selling and marketing expenses	(3,677)	(25,725)	(39,947)	(17,305)	(29,877)
Impairment losses on financial assets and contract assets, net	(255)	(1,513)	(7,353)	(789)	(7,447)
Other expenses, net	–	(2)	(337)	(286)	(14)
Finance costs	(246)	(3,043)	(10,324)	(4,862)	(5,493)
Share of losses of associate and joint venture	–	(5)	(151)	(1)	(730)
Profit/(loss) before Tax	27,894	31,793	53,820	(32,141)	8,550
Income tax expenses	(3,617)	(3,645)	(4,701)	6,551	(2,975)
Profit/(loss) for the Year/Period	<u>24,277</u>	<u>28,148</u>	<u>49,119</u>	<u>(25,590)</u>	<u>5,575</u>
Profit/(loss) attributable to:					
Owners of the parent	24,280	28,133	49,119	(25,590)	5,575
Non-controlling interests	(3)	15	–	–	–
	<u>24,277</u>	<u>28,148</u>	<u>49,119</u>	<u>(25,590)</u>	<u>5,575</u>

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Revenue

Our revenue increased by 121.7% from RMB141.8 million for the year ended December 31, 2022 to RMB314.3 million for the year ended December 31, 2023. It further increased by 226.3% from RMB314.3 million for the year ended December 31, 2023 to RMB1,025.6 million for the year ended December 31, 2024. Additionally, there was an increase in revenue of 663.1% from RMB90.6 million for the six months ended June 30, 2024 to RMB691.4 million for the six months ended June 30, 2025.

Revenue by business segments

During the Track Record Period, our revenue primarily came from: (i) ESS solutions business, where we provided comprehensive ESS solutions designed for diverse needs of large-scale, C&I and residential, and other applications. Our solutions integrated AI-optimized platform with advanced hardware, enabling us to meet the unique needs of our customers and/or the end users; and (ii) EPC services, where we offered integrated EPC services, specializing in commercial and industrial energy storage projects and photovoltaic power plant development. To optimize resources and maintain efficiency, certain construction tasks were subcontracted to other qualified contractors, while we retained full responsibility for project management, quality assurance and timely delivery. Throughout the project execution, we ensured integration of all phases, delivering high-quality, reliable and efficient energy solutions tailored to our customers’ needs. For details, see “Business – Our Business Model” in this document. We also generated revenue from others, which primarily represented revenue generated from our sales of miscellaneous items such as forklifts, testing equipment and scrap battery cells sold as waste materials.

Our mix of ESS solutions, EPC services and other services rendered may vary from time to time, which in turn affects our financial results due to the different operation model for each business stream.

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The table below sets forth a breakdown of our revenue by business segments for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
ESS Solutions										
Large-scale ESS	17,357	12.2	111,908	35.6	785,354	76.6	42,754	47.2	512,862	74.2
C&I ESS	–	–	28,701	9.1	9,572	0.9	2,589	2.9	2,171	0.3
Residential ESS	102,270	72.1	138,670	44.1	208,354	20.3	24,844	27.4	125,160	18.1
Other ESS ⁽¹⁾	21,108	14.9	4,188	1.3	102	0.0	149	0.2	8	0.0
Sub-total	140,735	99.2	283,467	90.1	1,003,382	97.8	70,336	77.6	640,201	92.6
EPC Services	–	–	30,333	9.7	19,512	1.9	19,512	21.5	49,125	7.1
Others⁽²⁾	1,096	0.8	507	0.2	2,719	0.3	775	0.9	2,044	0.3
Total	141,831	100.0	314,307	100.0	1,025,613	100.0	90,623	100.0	691,370	100.0

Notes:

- (1) Other ESS primarily included revenue generated from sales of charging piles and fire safety ESS.
- (2) Others primarily included revenue generated from our sales of miscellaneous items such as forklifts, testing equipment and scrap battery cells sold as waste materials.

According to the CIC Report, China has continuously introduced favourable policies to promote the development of energy storage devices and technologies, particularly large-scale energy storage systems, since 2021. Notably, the PRC governmental authorities promulgated the Action Plan for Enhancing Standardization to Achieve Carbon Peak and Carbon Neutrality in the Energy Sector (《能源碳達峰碳中和標準化提升行動計劃》) and the Action Plan for Accelerating the Green and Low-Carbon Innovative Development of Power Equipment (《加快電力裝備綠色低碳創新發展行動計劃》) in 2022, along with the Implementation Plan for Demonstration Projects of Green and Low-Carbon Advanced Technologies (《綠色低碳先進技術示範工程實施方案》) in 2023. These plans emphasized the promotion of R&D for new energy storage technologies and the establishment of standardized management practices, which are crucial for ensuring consistency and reliability in large-scale ESS applications. Additionally, they called

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for the development of a testing and verification platform for major technological equipment to enhance the credibility and market acceptance of large-scale energy storage solutions. Furthermore, they promoted the construction of large-scale pioneering projects to encourage regions with the necessary infrastructure to advance the development of the energy storage sector. Supportive policies, business models, and regulatory mechanisms conducive to the promotion and application of these technologies have also been gradually improved, fostering a comprehensive environment for the development of the energy storage industry, including large-scale ESS products and solutions. Accordingly, from 2019 to 2024, the China’s newly large-scale energy storage installed capacity grew from 0.6 GWh to 93.1 GWh, with a CAGR of 174.3%.

Since 2023, in order to capture the market opportunities arising from the above favorable policy developments, we strategically made efforts to capitalise on these applications. This included the establishment of a production line for large-scale ESS products and the enhancement of resource allocation for marketing activities to expand our business and strengthen our market position in the energy storage system industry in China. With the implementation of these measures, we were subsequently awarded certain sizable large-scale ESS projects in 2023, each with a contract value of over RMB20 million and with an aggregate energy storage capacity of 150 MWh. These projects generated total revenue of RMB68.9 million, representing 21.9% of our total revenue for the year ended December 31, 2023.

Following the introduction of the 2024 Energy Work Guiding Opinions (《2024年能源工作指導意見》), which explicitly propose the development of a multi-use energy storage model encouraging integrated applications across generation, grid, and end-user scenarios, we strategically adjusted our resources allocation to multi-use projects under large-scale ESS in 2024. To meet growing demand and support our expansion strategy, we increased our production capacity for large-scale ESS products from 250.5 MWh in 2023 to 1,260.0 MWh in 2024. In 2024, we were awarded certain sizable multi-use large-scale ESS projects with an aggregate energy storage capacity of 840 MWh, generating total revenue of RMB582.0 million, which represented 56.7% of our total revenue for the year ended December 31, 2024.

Meanwhile, we also successively expanded our distribution network and end user reach through continued geographical expansion for residential ESS in the overseas market during the Track Record Period. Since 2023, in addition to our market presence in the United Kingdom, we expanded into new markets through our distributorship network covering additional countries in Africa, including South Africa, Zambia, and Zimbabwe, as well as new markets in Europe, such as the Netherlands, Italy and Germany.

As a result of the overall expansion of our business scale for large-scale ESS and residential ESS, our total revenue experienced a continuous and significant increase during the Track Record Period.

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Revenue by geographical locations

During the Track Record Period, we successfully established a market presence in the PRC market and overseas market, primarily in Europe and Africa.

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

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
PRC	39,608	27.9	175,687	55.9	819,083	79.9	65,785	72.6	565,192	81.8
Europe	102,223	72.1	97,134	30.9	104,584	10.2	20,335	22.4	62,978	9.1
Africa	–	–	41,486	13.2	99,649	9.7	4,503	5.0	58,340	8.4
Others ⁽¹⁾	–	–	–	–	2,297	0.2	–	–	4,860	0.7
Total	141,831	100.0	314,307	100.0	1,025,613	100.0	90,623	100.0	691,370	100.0

Note:

- (1) Others primarily included revenue generated from other regions in Asia and South America, including, among others, Brazil, Saudi Arabia, The United Arab Emirates, Pakistan, Vietnam.

For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, revenue from customers in the PRC amounted to RMB39.6 million, RMB175.7 million, RMB819.1 million, RMB65.8 million and RMB565.2 million, respectively. During the Track Record Period, we experienced significant growth of our revenue in the PRC, primarily due to the increasing sales of our large-scale ESS since 2023. Revenue from overseas for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, amounted to RMB102.2 million, RMB138.6 million, RMB206.5 million, RMB24.8 million and RMB126.2 million, respectively, which represented our sales of products to customers in other geographical countries/regions. Revenue generated from Europe remained relatively stable during the Track Record Period, while we experienced notable growth of our revenue from Africa following our entry into this region since 2023.

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Sales Volume and Average Selling Price

The following table sets forth our sales volume and average selling price of our ESS products during the Track Record Period.

	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(MWh)				
Sales Volume					
Large-scale ESS	58.0	306.0	1,653.7	66.0	1,146.0
C&I ESS	–	20.9	12.8	5.4	2.2
Residential ESS	68.4	97.1	224.7	30.3	188.5
	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB/Wh)				
Average Selling Price					
Large-scale ESS	0.3	0.4	0.5	0.7	0.4
C&I ESS	–	1.3	0.7	0.5	1.0
Residential ESS	1.5	1.4	0.9	0.8	0.6

Our sales volume of both Large-scale ESS and Residential ESS increased rapidly during the Track Record Period as a result of our continuous business expansion efforts and the increase in our production volume. The average selling price of Residential ESS declined during the Track Record Period, primarily due to a decline in raw material prices and in response to market competition. The average selling price of C&I ESS decreased from 2023 to 2024, primarily due to a decline in raw material price and in response to market competition. The average selling price of C&I ESS increased for the six months ended June 30, 2025 due to our expansion into European market. From 2022 to 2024, we progressively increased the sales of large-scale ESS products that had battery cells and AC-side set-up integrated cabins assembled. As battery cells and AC-side set-up integrated cabins did not affect the overall energy storage capacity, the assembly of them into the large-scale ESS products did not lead to an increase the sales volume but increased the selling price per unit. As a result, despite of the decline in raw materials due to intensified market competition, the average selling price of large-scale ESS per Wh increased. The average selling price of large-scale ESS decreased for the six months ended June 30, 2025 as decreased the sales of ESS products that had battery cells and AC-side set-up integrated cabins assembled. According to CIC, the changes in the average selling prices of ESS mainly subject to the raw materials price and the intensity of

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market competition. During the Track Record Period, as the global price of lithium-ion ESS batteries, the major raw material of ESS products, generally decreased and the competition of the ESS solutions industry in China was intense, the average selling prices of ESS was in a downward trend. However, for Large-scale ESS, the product configuration generally depends on customer requirements and specifications, of which the energy storage system may include DC-side battery cabins with or without optional modules (i.e. AC-side battery cabins and battery cells) assembled. The overall capacity of an energy storage system is generally constrained by DC-side battery cabins. Thus, as optional modules are assembled in the energy storage system, the average selling price per Wh of Large-scale ESS increases accordingly. As such, the average selling prices of Large-scale ESS also depends on the product configuration on top of the raw materials price and the intensity of market competition.

According to CIC, the changes in our average selling prices during the Track Record Period were generally in line with our peers.

Cost of Sales

Cost of sales by nature

During the Track Record Period, our cost of sales primarily consisted of (i) materials and components costs, primarily related to the materials and components costs incurred for the production of our ESS Solutions, including battery cells, BMS, inverters, thermal management systems, outsourcing manufacturing costs to our external manufacturers for our ESS Solutions, and others; (ii) direct labor costs, primarily representing salaries and benefits of our staff; and (iii) other indirect costs, primarily consisting of costs of utilities, transportation costs, the depreciation of our production facilities and manufacturing machinery, maintenance costs of manufacturing machinery, packaging costs and costs of construction work.

During the Track Record Period, subject to our limited production capacity and the tight delivery schedule, we outsourced certain production process to external manufacturers. These outsourcing manufacturing costs amounted to RMB52.8 million, RMB17.7 million, RMB414.0 million and RMB213.5 million for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, respectively and accounted for as part of our cost of sales upon recognition of our revenue. The significant increase in our outsourcing manufacturing costs for the year ended December 31 2024 and the six months ended June 30, 2025 was primarily due to our limited production capacity and in line with our business expansion and the corresponding growth in our sales volume.

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The following table sets forth a breakdown of our cost of sales for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>Percentage</i>		<i>Percentage</i>		<i>Percentage</i>		<i>Percentage</i>		<i>Percentage</i>	
	<i>of cost of</i>		<i>of cost of</i>		<i>of cost of</i>		<i>of cost of</i>		<i>of cost of</i>	
	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>
	<i>(unaudited)</i>									
Materials and components costs	100,296	94.4	198,720	86.3	819,314	94.1	74,146	94.1	532,168	87.9
including – Outsourcing manufacturing costs	52,808	49.7	10,474	4.5	413,087	47.4	3,958	5.0	174,159	28.8
Direct labor costs	2,373	2.2	5,884	2.6	13,253	1.5	1,519	1.9	5,702	1.0
including – Outsourcing manufacturing costs	–	–	605	0.3	908	0.1	908	0.1	–	–
Other indirect costs	3,542	3.4	25,705	11.1	38,039	4.4	3,139	4.0	67,237	11.1
including – Outsourcing manufacturing costs	–	–	6,640	2.9	–	–	–	–	39,350	6.5
Total	106,211	100.0	230,309	100.0	870,606	100.0	78,804	100.0	605,107	100.0

During the Track Record Period, our materials and components costs was the largest component of our cost of sales. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our materials and components costs were RMB100.3 million, RMB198.7 million, RMB819.3 million, RMB74.1 million and RMB532.2 million respectively accounting for 94.4%, 86.3%, 94.1%, 94.1% and 87.9%. Our cost of sales increased from RMB106.2 million for the year ended December 31, 2022 to RMB230.3 million for the year ended December 31, 2023, and further increased to RMB870.6 million for the year ended December 31, 2024. Additionally, our cost of sales increased from RMB78.8 million for the six months ended June 30, 2024 to RMB605.1 million for the six months ended June 30, 2025. Such increases were primarily attributable to our increased sales and production volume.

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Cost of sales by business segments

The following table sets forth a breakdown of cost of sales by business segments for the years/ periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>Percentage of cost of</i>		<i>Percentage of cost of</i>		<i>Percentage of cost of</i>		<i>Percentage of cost of</i>		<i>Percentage of cost of</i>	
	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>	<i>RMB'000</i>	<i>sales (%)</i>
	<i>(unaudited)</i>									
ESS Solutions										
Large-scale ESS	11,904	11.2	88,890	38.6	692,141	79.5	39,228	49.8	460,753	76.1
C&I ESS	–	–	23,561	10.2	8,186	0.9	2,652	3.4	1,459	0.2
Residential ESS	73,874	69.6	91,353	39.7	154,118	17.7	21,094	26.8	101,675	16.8
Other ESS ⁽¹⁾	18,991	17.9	2,533	1.1	69	0.0	57	0.1	4	0.0
Sub-total	104,769	98.6	206,337	89.6	854,514	98.2	63,031	80.0	563,891	93.2
EPC Services	–	–	23,317	10.1	15,219	1.7	15,219	19.3	39,660	6.6
Others⁽²⁾	1,442	1.4	655	0.3	874	0.1	554	0.7	1,556	0.3
Total	106,211	100.0	230,309	100.0	870,606	100.0	78,804	100.0	605,107	100.0

Notes:

- (1) Others ESS primarily included cost from sales of charging piles and fire safety ESS.
- (2) Others primarily included cost from our miscellaneous sales such as forklifts, testing equipment and scrap battery cells sold as waste materials.

During the Track Record Period, the movement in the cost of sales for each of business segments generally aligned with the corresponding increase or decrease in revenue in each of business segments, respectively.

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Gross Profit and Gross Profit Margin

Our gross profit represented our revenue less cost of sales. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our gross profit was RMB35.6 million, RMB84.0 million, RMB155.0 million, RMB11.8 million and RMB86.3 million, respectively. Gross profit margin represented our gross profit as a percentage of our revenue. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our gross profit margin was 25.1%, 26.7%, 15.1%, 13.0% and 12.5%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross	Gross	Gross	Gross	Gross	Gross	Gross	Gross	Gross	Gross
	Profit	profit	Profit	profit	Profit	profit	Profit	profit	Profit	profit
	margin	margin	margin	margin	margin	margin	margin	margin	margin	margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	<i>(unaudited)</i>									
ESS Solutions										
Large-scale ESS	5,453	31.4	23,018	20.6	93,213	11.9	3,526	8.2	52,109	10.2
C&I ESS	–	–	5,140	17.9	1,386	14.5	(63)	(2.4)	712	32.8
Residential ESS	28,396	27.8	47,317	34.1	54,236	26.0	3,750	15.1	23,485	18.8
Other ESS ⁽¹⁾	2,117	10.0	1,655	39.5	33	32.3	92	62.0	4	49.9
Sub-total	35,966	25.6	77,130	27.2	148,868	14.8	7,305	10.4	76,310	11.9
EPC Services	–	–	7,016	23.1	4,293	22.0	4,293	22.0	9,465	19.3
Others⁽²⁾	(346)	(31.5)	(148)	(29.2)	1,846	67.9	221	28.5	488	23.9
Total	<u>35,620</u>	<u>25.1</u>	<u>83,998</u>	<u>26.7</u>	<u>155,007</u>	<u>15.1</u>	<u>11,819</u>	<u>13.0</u>	<u>86,263</u>	<u>12.5</u>

Notes:

- (1) Others ESS primarily referred to gross profit and gross profit margin from sales of charging piles and fire safety ESS.
- (2) Others primarily referred to gross profit and gross profit margin from our sales of miscellaneous items such as forklifts, testing equipment and scrap battery cells sold as waste materials.

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The following table sets forth a breakdown of our gross profit and gross profit margin by geographical locations for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross		Gross		Gross		Gross		Gross	
	Gross	profit	Gross	profit	Gross	profit	Gross	profit	Gross	profit
	Profit	margin	Profit	margin	Profit	margin	Profit	margin	Profit	margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
PRC	7,202	18.2	36,448	20.7	105,733	12.9	7,961	12.1	62,153	11.0
Europe	28,418	27.8	33,784	34.8	33,588	32.1	3,287	16.2	13,709	21.8
Africa	–	–	13,766	33.2	15,147	15.2	571	12.7	9,232	15.8
Others ⁽¹⁾	–	–	–	–	539	23.5	–	–	1,169	24.1
Total	35,620	25.1	83,998	26.7	155,007	15.1	11,819	13.0	86,263	12.5

Note:

- (1) Others primarily included gross profit and gross profit margin of other regions in Asia and South America, including, among others, Brazil, Saudi Arabia, The United Arab Emirates, Pakistan, Vietnam.

For the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2024, and 2025, our gross profit from sales in the PRC amounted to RMB7.2 million, RMB36.4 million, RMB105.7 million, RMB8.0 million, and RMB62.2 million, respectively. The corresponding gross profit margins were 18.2%, 20.7%, 12.9%, 12.1%, and 11.0%, respectively. During the Track Record Period, we experienced significant growth in our gross profit from sale in the PRC, primarily due to increasing sales of our large-scale ESS since 2023. However, there was an overall decline in gross profit margin for sales in the PRC since 2023, primarily attributable to a decline in each of the average selling prices of two types of large-scale ESS products, which included (i) ESS with only DC-side setup integrated cabins assembled, and (ii) ESS with both AC-side and DC-side setup integrated cabins assembled. Such decline was primarily due to the intensified market competition since second half of 2023. Our gross profit from sales in the PRC further increased for the six months ended June 30, 2025 as compared to the corresponding period in 2024, primarily due to an increase in our sale volume of our ESS products following our increased production capacity to meet growing demand following the relocation of our production facilities to Wuxi, Jiangsu Province, PRC in 2024. Our gross profit margins remained relative stable for the six months ended June 30, 2024 and 2025.

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For the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2024, and 2025, our gross profit from sales in Europe amounted to RMB28.4 million, RMB33.8 million, RMB33.6 million, RMB3.3 million and RMB13.7 million, respectively. The corresponding gross profit margins were 27.8%, 34.8%, 32.1%, 16.2%, and 21.8%, respectively. Our gross profit and gross profit margins from sales in Europe increased by 19.0% and 7.0 percentage points from the year ended December 31, 2022 to the year ended December 31, 2023, primarily due to favorable overseas pricing strategies following our expansion into new markets of our residential ESS in Europe, including the Netherlands and Germany, with newly engaged distributors. Our gross profit and gross profit margin from sales in Europe in 2024 remained relatively stable as compared to that of 2023. Our gross profit for sales in Europe increased significantly by 315.2% from the six months ended June 30, 2024 to the six months ended June 30, 2025, primarily due to increase in sales to customers in Europe since the second half of 2024. In addition, our gross profit margin for sales in Europe increased by 5.6 percentage points partly due to, among others, the increase in our overall selling prices due to our expansion into the European market of our C&I ESS and our continuous improvements in operational and production efficiency for the six months ended June 30, 2025 as compared to the corresponding period in 2024.

For the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2024, and 2025, our gross profit from sales in Africa amounted to nil, RMB13.8 million, RMB15.1 million, RMB0.6 million and RMB9.2 million, respectively. The corresponding gross profit margins were nil, 33.2%, 15.2%, 12.7%, and 15.8%, respectively. Since 2023, we experienced notable growth of our gross profit from sales in Africa following the entry of our residential ESS through our distributors into new markets, specifically South Africa, Zambia and Zimbabwe. Our gross profit increase significantly for the six months ended June 30, 2025 as compared to the corresponding period in 2024, partly due to, among others, our increase in sales to customers in Africa since the second half of 2024. However, there was an overall decline in gross profit margin for sales in Africa since 2023, primarily attributable to a decrease in our average selling price of our residential ESS due to a decline in raw material price and in response to market competition.

Other Income and Gains, Net

During the Track Record Period, other income consisted of (i) interest income from our bank deposits; (ii) investment income from financial investments at FVTPL, reflecting investment gains from low risk wealth management products issued by banks in the PRC for a term of seven days held by us as idle cash management; (iii) government grants, primarily included subsidies received from local governments for our research and development initiatives, job retention efforts and recognition of our business performance and development in accordance with relevant supportive policies, with no outstanding conditions or contingencies attached to such grants; (iv) compensation income received from a service provider for its breach of contract, and compensation received from a logistic company for damaged goods during transportation; (v) extra deductions of value-added-tax (“VAT”); and (vi) others, mainly related to income from waivers of liabilities and legal settlements, which was attributable to a procurement transaction we entered into with one of our suppliers in 2021. Upon receiving the equipment, we were dissatisfied with the quality and disputed our liability to make the remaining payment of RMB2.4 million. Following unsuccessful negotiations to resolve the dispute, the supplier made a claim against us

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for payment of RMB2.3 million. Subsequently, a settlement was reached in February 2023, wherein we paid a sum of RMB0.8 million to the supplier for full and final settlement of our contractual obligation, thereby bringing the litigation to a conclusion. The difference between the accrual amount of the original liability and the final settlement amount was recognized as other income. Other gains related to our foreign exchange gains, primarily resulting from fluctuations in foreign currency exchange rates that affect our international transactions and currency holdings as part of our ordinary course of business. These gains are recorded based on the revaluation of balances denominated in foreign currencies.

The following table sets forth a breakdown of our other income and gains, net for the years/periods indicated:

	Year ended December 31,			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other income					
Interest income	10	153	1,237	212	224
Investment income from financial investments at FVTPL	–	16	5	4	20
Government grants	761	8	4,226	283	1,520
Compensation income	–	2,497	–	–	51
Extra deduction of VAT ⁽¹⁾	1	1,720	7,587	3,637	3,428
Others	392	1,698	244	2	26
Total other income	1,164	6,092	13,299	4,138	5,269
Gains					
Foreign exchange differences, net	2,299	2,959	1,329	442	9,811
Total	3,463	9,051	14,628	4,580	15,080

Note:

- (1) According to the State Taxation Administration of the PRC, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input tax from the VAT payable.

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Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) staff costs, primarily representing salaries and benefits for our R&D employees; (ii) material costs, mainly representing raw materials and products consumed during the R&D process; (iii) professional service fees, representing costs associated with cloud computing, outsourced R&D processing and patent application and other professional services; (iv) testing and inspection expenses, mainly incurred for inspecting and validating our products during development; (v) travelling expenses, mainly representing airfare, meals, accommodations, and other transportation costs incurred by our R&D employees mainly for attending industry seminars, collaborating with business partners, and participating in technical training and learning; and (vi) other miscellaneous research and development expenses.

The following table sets forth a breakdown of our research and development expenses for the years/ periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>Percentage</i>		<i>Percentage</i>		<i>Percentage</i>		<i>Percentage</i>		<i>Percentage</i>	
	<i>of total</i>		<i>of total</i>		<i>of total</i>		<i>of total</i>		<i>of total</i>	
	<i>research and</i>		<i>research and</i>		<i>research and</i>		<i>research and</i>		<i>research and</i>	
	<i>development</i>		<i>development</i>		<i>development</i>		<i>development</i>		<i>development</i>	
	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>
	<i>(unaudited)</i>									
Staff costs	2,347	62.0	10,738	63.9	18,290	57.9	8,270	67.2	9,915	59.5
Material costs	80	2.1	2,197	13.1	6,722	21.3	2,728	22.2	1,680	10.1
Professional service fees	–	–	2,057	12.1	2,709	8.6	–	–	3,208	19.3
Testing and inspection fees	805	21.3	1,270	7.6	1,160	3.7	636	5.2	147	0.9
Travelling expenses	27	0.7	195	1.2	1,221	3.9	190	1.5	399	2.4
Others	528	13.9	354	2.1	1,476	4.7	479	3.9	1,308	7.8
Total	3,787	100.0	16,811	100.0	31,578	100.0	12,303	100.0	16,657	100.0

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Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, primarily representing salaries and benefits for our senior management and administrative employees; (ii) professional service fees, mainly representing costs for services provided by external experts, including legal, auditing, product certification and intellectual property services; (iii) [REDACTED] expenses; (iv) entertainment expenses, primarily representing costs incurred for meals and hospitality by our administrative staff; (v) rental and utility expenses, incurred in relation to our office rental; (vi) office expenses, mainly representing costs associated with our day-to-day operations, including office supplies, building and equipment maintenance necessary to support our administrative functions; (vii) travelling expenses, mainly representing costs incurred by our administrative staff, including airfare, meals, accommodations, and transportation costs; (viii) depreciation and amortization; and (ix) other miscellaneous administrative expenses, primarily relating to renovation expenses, membership fees, property management fees, bank charges and stamp duty.

The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Percentage		Percentage		Percentage		Percentage		Percentage	
	of total		of total		of total		of total		of total	
	administrative		administrative		administrative		administrative		administrative	
	RMB'000	expenses (%)	RMB'000	expenses (%)	RMB'000	expenses (%)	RMB'000	expenses (%)	RMB'000	expenses (%)
	(unaudited)									
Staff costs	1,837	57.0	6,813	48.1	11,815	45.2	5,507	42.4	9,115	28.0
Professional service fees	651	20.2	3,041	21.5	2,634	10.1	1,989	15.3	1,445	4.4
[REDACTED] expenses	–	–	–	–	–	–	–	–	12,270	37.7
Entertainment expenses	201	6.2	889	6.3	2,930	11.2	1,515	11.7	1,500	4.6
Rental and utility expenses	15	0.5	880	6.2	1,342	5.1	379	2.9	1,658	5.1
Office expenses	263	8.2	804	5.7	1,141	4.4	1,058	8.1	2,004	6.2
Travelling expenses	154	4.8	379	2.7	674	2.6	261	2.0	612	1.9
Depreciation and amortization	72	2.2	526	3.7	1,506	5.8	597	4.6	1,374	4.2
Others	31	1.0	825	5.8	4,083	14.2	1,688	13.0	2,597	7.9
Total	3,224	100.0	14,157	100.0	26,125	100.0	12,994	100.0	32,575	100.0

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Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily consisted of (i) staff costs, primarily representing salaries and benefits for our sales personnel; (ii) entertainment and advertising expenses, primarily representing costs related to activities aimed at growing and expanding our business, including client meetings and product samples and costs related to marketing, branding and promotional activities such as trade fairs, exhibitions and advertisement placements; (iii) travelling expenses, mainly representing airfare, meals, accommodations, and other transportation costs incurred by our sales staff; (iv) professional service fees, primarily representing costs associated with external business promotion and development services, and other professional services; (v) office and utility expenses, primarily representing costs associated with our day-to-day operations, including office supplies, building and equipment maintenance and communication services necessary to support our sales function, and (vi) other miscellaneous selling and marketing expenses.

The following table sets forth a breakdown of our selling and marketing expenses for the years/ periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>Percentage of</i>		<i>Percentage of</i>		<i>Percentage of</i>		<i>Percentage of</i>		<i>Percentage of</i>	
	<i>total selling</i>		<i>total selling</i>		<i>total selling</i>		<i>total selling</i>		<i>total selling</i>	
	<i>and</i>		<i>and</i>		<i>and</i>		<i>and</i>		<i>and</i>	
	<i>distribution</i>		<i>distribution</i>		<i>distribution</i>		<i>distribution</i>		<i>distribution</i>	
	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>	<i>RMB'000</i>	<i>expenses (%)</i>
							(unaudited)			
Staff costs	2,029	55.2	9,643	37.5	12,135	30.4	5,946	34.4	9,821	32.9
Entertainment and advertising expenses	784	21.3	8,685	33.8	13,034	32.6	7,510	43.4	10,892	36.5
Travelling expenses	132	3.6	2,116	8.2	4,991	12.5	1,899	11.0	3,882	13.0
Professional service fees	672	18.3	4,772	18.6	7,139	17.9	1,121	6.5	2,220	7.4
Office and utility expenses	45	1.2	337	1.3	2,035	5.1	666	3.8	2,690	9.0
Others	15	0.4	172	0.6	613	1.5	163	0.9	372	1.2
Total	3,677	100.0	25,725	100.0	39,947	100.0	17,305	100.0	29,877	100.0

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Impairment Losses on Financial Assets and Contract Assets, Net

Our impairment losses on financial assets and contract asset represented the expected credit losses or reversal of the expected credit loss on our financial assets and contract assets. For details, see Notes 21 and 22 to the Accountants’ Report included in Appendix I to this document. Impairment losses on financial assets and contract assets, net amounted to RMB0.3 million, RMB1.5 million and RMB7.4 million for the years ended December 31, 2022, 2023 and 2024, respectively, and RMB0.8 million and RMB7.4 million for the six months ended June 30, 2024 and 2025, respectively.

Other Expenses, Net

We recorded other expenses of nil, RMB2,000 and RMB0.3 million for the years ended December 2022, 2023 and 2024, respectively, and RMB0.3 million and RMB14,000 for the six months ended June 30, 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, our finance costs mainly comprised (i) interest on bank borrowings; (ii) interest on other borrowings; and (iii) interest on lease liabilities.

The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank loans	214	1,717	8,003	3,707	5,265
Interest on other borrowings	31	930	–	–	24
Interest on lease liabilities	1	396	2,321	1,155	204
Total	246	3,043	10,324	4,862	5,493

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Share of Losses of Associate and Joint Venture

During the Track Record Period, share of losses of associate and joint venture represented our proportionate share of the net loss of Jiangsu Staro Yunfu Electric Co., Ltd.* (江蘇思拓運福電器有限公司), which was owned as to 10% by our Group, Guangxi Jineng Energy Investment Co., Ltd* (廣西吉能能源投資有限公司), which was owned as to 34% by our Group, and Hebei Keliyuan Hybird Energy Storage Technology Co., Ltd.* (河北科力遠混合儲能技術有限公司), which was owned as to 35% by our Group. Share of losses of associates and joint ventures amounted to nil, RMB5,000, RMB0.2 million, RMB1,000 and RMB0.7 million for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, respectively.

Income Tax Expenses

During the Track Record Period, our income tax expenses consisted of current income tax, the tax payable on taxable profits for the current period, and deferred income tax, which arose from temporary differences between the accounting and tax treatment of certain items, recognized in accordance with applicable accounting standards. Our income tax expenses amounted to RMB3.6 million, RMB3.6 million, RMB4.7 million and RMB3.0 million for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, respectively. We recorded income tax credit of RMB6.6 million for the six months ended June 30, 2024, as we incurred loss for the six months ended June 30, 2024.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operated. Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), we are subject to corporate income tax at a rate of 25% on our taxable income for our operation in the PRC. During the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025 the effective tax rate of our Group was 13.0%, 11.5%, 8.7%, and 34.8%, respectively. The relatively low effective tax rate reflected the tax exemption we enjoyed during the years ended December 31, 2022, 2023 and 2024. Our Company was qualified as a “High and New Technology Enterprise”, and benefited from a preferential income tax rate of 15%. In addition, certain subsidiaries of our Group qualified as “Small-scaled Minimal Profit Enterprises” with taxable income no more than RMB3.0 million and were subject to a preferential income tax rate of 5.0%. Our effective tax rate of 34.8% for the six months ended June 30, 2025, was higher than our corporate income tax rate of 25.0%, primarily due to the combined effect of (i) our Company, which enjoyed a preferential income tax rate of 15%, recorded losses, while other subsidiaries that recorded profits were charged at the standard corporate income tax rate of 25%; and (ii) the exclusion of non-deductible expenses, including, among others, [REDACTED] expenses, and non-deductible losses attributable to associates and joint ventures. See Note 10 to the Accountants’ Report set out in Appendix I to this document for more details.

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PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

Revenue

Revenue increased by 663.1% from RMB90.6 million for the six months ended June 30, 2024 to RMB691.4 million for the six months ended June 30, 2025, primarily due to the growth in revenue derived from our ESS Solutions.

ESS Solutions

Revenue generated from our ESS Solutions increased by 810.7% from RMB70.3 million for the six months ended June 30, 2024 to RMB640.2 million for the six months ended June 30, 2025. Such increase was primarily due to increases in revenue of our (i) large-scale ESS; and (ii) residential ESS.

- **Large-scale ESS.** Revenue generated from our large-scale ESS increased by 1,098.4% from RMB42.8 million for the six months ended June 30, 2024 to RMB512.9 million for the six months ended June 30, 2025. Such increase was primarily due to an increase in sales volume of our large-scale ESS from 65.7 MWh for the six months ended June 30, 2024 to 1,146.0 MWh in for the six months ended June 30, 2025, as a result of our increased production capacity to meet growing demand following the relocation of our production facilities to Wuxi, Jiangsu Province, PRC in 2024.
- **Residential ESS.** Revenue generated from our residential ESS increased by 404.8% from RMB24.8 million for six months ended June 30, 2024 to RMB125.2 million for six months ended June 30, 2025. Such increase was primarily due to an increase in sales units of our residential ESS from 30.3 MWh for the six months ended June 30, 2024 to 188.5 MWh for the six months ended June 30, 2025, as a result of (i) our increased production capacity to meet growing demand following the relocation of our production facilities to Wuxi, Jiangsu Province, PRC in 2024; and (ii) our increase in sales to customers in Africa and Europe since second half of 2024.
- **C&I ESS.** Revenue generated from our C&I ESS decreased by 15.4% from RMB2.6 million for the six months ended June 30, 2024 to RMB2.2 million for the six months ended June 30, 2025. Such decrease was primarily due to our continued efforts on multi-use energy storage projects under large-scale ESS, which correspondingly limited our development efforts in C&I ESS, partially offset by the increase in our overall selling prices due to our expansion into the European market.

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EPC Services

Revenue generated from our EPC Services increased by 151.8% from RMB19.5 million for the six months ended June 30, 2024 to RMB49.1 million for the six months ended June 30, 2025. Such increase was primarily attributable to the increase in the number of EPC service project contributing revenue in the first half of 2025 as compared to that of 2024.

Cost of sales

Our cost of sales increased by 667.9% from RMB78.8 million for the six months ended June 30, 2024 to RMB605.1 million for the six months ended June 30, 2025. Such increase was mainly attributable to increases in our materials and components costs and other indirect costs, which were in line with the growth of our revenue and production capacity.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 631.4% from RMB11.8 million for the six months ended June 30, 2024 to RMB86.3 million for the six months ended June 30, 2025. Our gross profit margin remained relatively stable at 13.0% and 12.5% for the six months ended June 30, 2024 and 2025, respectively.

Gross profit margin of our ESS Solutions business remained relatively stable at 10.4% and 11.9% for the six months ended June 30, 2024 and 2025. The relatively lower gross profit margins for the first half of the year of 2024 and 2025, as compared to that of the second half of 2024, were primarily due to the effect of economies of scale attributable to seasonality of our sales. See “Business – Seasonality” in this document for details.

Gross profit margins of our large-scale ESS and residential ESS increased from 8.2% for the six months ended June 30, 2024 to 10.2% for the six months ended June 30, 2025, and from 15.1% for the six months ended June 30, 2024, to 18.8% for the six months ended June 30, 2025, respectively. Such increase was primarily attributable to the positive effects of economies of scale resulting from the rise in sales volume of our large-scale ESS, along with continuous improvements in operational and production efficiency for the six months ended June 30, 2025.

Gross profit margin of our EPC services decreased from 22.0% for the six months ended June 30, 2024 to 19.3% for the six months ended June 30, 2025, primarily due to the comparatively lower gross profit margin of one of our EPC projects for the six months ended June 30, 2025 due to its lower technical knowhow involved.

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Other income and gains, net

Our other income and gains increased by 228.3% from RMB4.6 million for the six months ended June 30, 2024 to RMB15.1 million for the six months ended June 30, 2025. Such increase was primarily due to (i) an increase in our gains on foreign exchange, resulting from the appreciation of the British pound, US dollar, and euro in the first half of 2025; and (ii) an increase in our government grants, including talent subsidies and funding for technology projects.

Research and development expenses

Our research and development costs increased by 35.8% from RMB12.3 million for the six months ended June 30, 2024 to RMB16.7 million for the six months ended June 30, 2025. Such increase was primarily due to (i) an increase in our professional service fees, mainly associated with our expanded research and development activities in AI development and end-board design, supported by outsourced professional services; and (ii) the expansion of our R&D Team and an overall increase in salary expense of our R&D employees.

Administrative expenses

Our administrative expenses increased by 150.8% from RMB13.0 million for the six months ended June 30, 2024 to RMB32.6 million for the six months ended June 30, 2025. Such increase was primarily due to (i) an increase in our profession service fees, mainly due to the incurrence of our [REDACTED] expenses; and (ii) the increase in the number of our administrative employees to support our growing operations.

Selling and marketing expenses

Our selling and marketing expenses increased by 72.8% from RMB17.3 million for the six months ended June 30, 2024 to RMB29.9 million for the six months ended June 30, 2025. Such increase primarily attributable to (i) an increase in our staff costs resulting from the expansion of our marketing personnel to support our growing operations; (ii) an increase in our entertainment and advertising expenses, which aligned with the growth in our sales.

Impairment losses on financial assets and contract assets, net

Our impairment losses on financial assets and contract assets increased by 825.0% from RMB0.8 million for the six months ended June 30, 2024 to RMB7.4 million for the six months ended June 30, 2025. Such increase was primarily driven by an increase in our accounts receivables, which generally corresponds with the expansion of our business operations.

Other expenses, net

Other expenses decreased from RMB0.3 million for the six months ended June 30, 2024 to RMB14.0 thousand for the six months ended June 30, 2025 as we recorded a one-off loss on the disposal of our electronic equipment in 2024.

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Finance costs

Our finance cost increased by 12.2% from RMB4.9 million for the six months ended June 30, 2024 to RMB5.5 million for the six months ended June 30, 2025. Such increase was primarily due to (i) higher interest expenses associated with our growing interest-bearing bank loans, and (ii) a reduction in interest expenses on lease liabilities associated with the acquisition of a leased property in Wuxi, Jiangsu Province, PRC, in February 2025, resulting in a decrease in our overall lease liabilities.

Share of losses of associate and joint venture

Our share of losses of associate and joint venture increased RMB1,000 for the six months ended June 30, 2024 to RMB0.7 million for the six months ended June 30, 2025. Such increase was primarily due to the share of the losses of our equity investment in Guangxi Jineng Energy Investment Co., Ltd.* (廣西吉能能源投資有限公司) in 2025, which was owned as to 34% by our Group.

Income tax expense

We recorded tax credit of RMB6.6 million for the six months ended June 30, 2024 as we recorded loss before taxation of RMB32.1 million for the same period. We recorded income tax expenses of RMB3.0 million, primarily due to our profit before tax, mainly attributable to the increase in our revenue, partially offset by the increase in tax deductible allowance for our increase in research and development expenses associated with our increasing R&D activities.

Profit for the period

As a result of the above, we recorded a net profit of RMB5.6 million for the six months ended June 30, 2025, marking a turnaround from a net loss of RMB25.6 million for the six months ended June 30, 2024.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Revenue increased by 226.3% from RMB314.3 million for the year ended December 31, 2023 to RMB1,025.6 million for the year ended December 31, 2024, primarily due to the growth in revenue derived from our ESS Solutions.

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ESS Solutions

Revenue generated from our ESS Solutions increased by 253.9% from RMB283.5 million for the year ended December 31, 2023 to RMB1,003.4 million for the year ended December 31, 2024. Such increase was primarily due to increases in revenue of our (i) large-scale ESS; and (ii) residential ESS, partially offset by a decrease in revenue of our C&I ESS.

- **Large-scale ESS.** Revenue generated from our large-scale ESS increased by 601.9% from RMB111.9 million for the year ended December 31, 2023 to RMB785.4 million for the year ended December 31, 2024. Such increase was primarily due to an increase in sales volume of our large-scale ESS from 306.0 MWh in 2023 to 1,653.7 MWh in 2024, as a result of (i) our increased production capacity following the relocation of our production facilities to Wuxi, Jiangsu Province, PRC; and (ii) an increase in the number of large-scale ESS projects undertaken by us, in particular, we were awarded several multi-use large-scale ESS projects, each generating revenue exceeding RMB100 million.
- **C&I ESS.** Revenue generated from our C&I ESS decreased by 66.6% from RMB28.7 million for the year ended December 31, 2023 to RMB9.6 million for the year ended December 31, 2024. Such decrease was primarily due to (i) our increased efforts on multi-use energy storage projects under large-scale ESS, which correspondingly limited our development efforts in C&I ESS; and (ii) a decrease in our average selling prices due to intensified market competition following a decrease in battery price in 2024.
- **Residential ESS.** Revenue generated from our residential ESS increased by 50.3% from RMB138.7 million for the year ended December 31, 2023 to RMB208.4 million for the year ended December 31, 2024. Such increase was primarily due to an increase in sales units of our residential ESS from 97.1 MWh in 2023 to 224.7 MWh in 2024, as a result of our (i) increased production capacity following the relocation of our production facilities to Wuxi, Jiangsu Province, PRC; and (ii) our expansion into new markets in Africa, specifically Zambia and Zimbabwe, through existing distributors, as well as new markets in Europe, including the Netherlands and Germany, with newly engaged distributors.

EPC Services

For the years ended December 31, 2023 and 2024, we recorded revenue from our EPC Services of RMB30.3 million and RMB19.5 million, respectively, and we derived revenue from only one EPC services project. Such change in our revenue primarily corresponded to the construction progress of this EPC services project, which was awarded and commenced in 2023 and ultimately completed in 2024. As a significant portion of the work of such project was completed in 2023, we experienced a decrease in revenue from our EPC services in 2024.

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Cost of sales

Our cost of sales increased by 278.0% from RMB230.3 million for the year ended December 31, 2023 to RMB870.6 million for the year ended December 31, 2024. Such increase was mainly attributable to increases in our materials and components costs and other indirect costs, which were in line with the growth of our revenue and production capacity.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 84.5% from RMB84.0 million for the year ended December 31, 2023 to RMB155.0 million the year ended December 31, 2024. Our gross profit margin decreased from 26.7% for the year ended December 31, 2023 to 15.1% for the year ended December 31, 2024. Such decrease was primarily attributable to a decrease in the gross profit margin of our ESS Solutions business.

Gross profit margin of our ESS Solutions business decreased from 27.2% for the year ended December 31, 2023 to 14.8% for the year ended December 31, 2024, primarily due to decreases of our gross profit margins of our (i) large-scale ESS; (ii) C&I ESS; and (iii) residential ESS.

Despite the decrease in the cost of lithium-ion ESS battery, which is our primary raw material, from 2023 to 2024, the gross profit margins of our large-scale ESS, C&I ESS and residential ESS decreased from 20.6% for the year ended December 31, 2023 to 11.9% for the year ended December 31, 2024; from 17.9% for the year ended December 31, 2023 to 14.5% for the year ended December 31, 2024; and from 34.1% for the year ended December 31, 2023 to 26.0% for the year ended December 31, 2024, respectively, due to the more significant decrease in the average selling prices of our C&I and residential ESS products attributable to the intensified market competition in 2024. The decrease in gross profit margin of our large-scale ESS was attributable to an increase in the sales of ESS products that had AC-side set-up integrated cabins and battery cells assembled, which generally had a lower gross profit margin.

Gross profit margin of our EPC services remained relatively stable at 23.1% and 22.0% for the year ended December 31, 2023 and 2024, respectively.

Other income and gains, net

Our other income and gains increased by 60.4% from RMB9.1 million for the year ended December 31, 2023 to RMB14.6 million for the year ended December 31, 2024. Such increase was primarily due to the increase in extra deduction of VAT, partially offset by the one-off compensation income received from a service provider that failed to provide its advisory services for a particular ESS solutions project due to its breach of contract in 2023. The scope of such advisory services includes providing information on local policies related to photovoltaic power generation, assisting in obtaining the property registration records for that particular project, and facilitating the necessary preliminary administrative permits required for project development. Failing to provide such advisory services, we entered into a termination agreement with such service provider, which included RMB2.0 million as compensation.

FINANCIAL INFORMATION

Research and development expenses

Our research and development costs increased by 88.1% from RMB16.8 million for the year ended December 31, 2023 to RMB31.6 million for the year ended December 31, 2024. Such increase was primarily due to (i) the expansion of our R&D Team and an overall increase in salary expense of our R&D employees; (ii) an increase in our material costs, primarily associated with our increasing R&D activities; and (iii) an increase in our travelling expenses, which also corresponded with our increased R&D activities.

Administrative expenses

Our administrative expenses increased by 83.8% from RMB14.2 million for the year ended December 31, 2023 to RMB26.1 million for the year ended December 31, 2024. Such increase was primarily due to the expansion of our administrative employees to support our growing operations.

Selling and marketing expenses

Our selling and marketing expenses increased by 55.3% from RMB25.7 million for the year ended December 31, 2023 to RMB39.9 million for the year ended December 31, 2024. Such increase primarily corresponded to our expanded marketing and promotional activities to drive further brand awareness and market presence in newly entered overseas market.

Impairment losses on financial assets and contract assets, net

Our impairment losses on financial assets and contract assets increased by 393.3% from RMB1.5 million for the year ended December 31, 2023 to RMB7.4 million for the year ended December 31, 2024. Such increase was primarily due to the increase in our account receivables, which was generally in line with the expansion of our business scale.

Other expenses, net

Other expenses increased from RMB2,000 for the year ended December 31, 2023 to RMB0.3 million for the year ended December 31, 2024. Such increase was primarily attributable to the one-off loss on disposal of our electronic equipment.

Finance costs

Our finance cost increased by 243.3% from RMB3.0 million for the year ended December 31, 2023 to RMB10.3 million for the year ended December 31, 2024. Such increase was primarily due to an increase in interest expenses associated with our growing interest-bearing bank loans, which was in line with the expansion of our business scale.

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Share of losses of associate and joint venture

We recognised share of losses of associate and joint venture of RMB0.2 million for the year ended December 31, 2024, primarily attributable to the net loss of Guangxi Jineng Energy Investment Co., Ltd* (廣西吉能能源投資有限公司), which was owned as to 34% by our Group.

Income tax expense

Our income tax expenses increased by 30.6% from RMB3.6 million for the year ended December 31, 2023 to RMB4.7 million for the year ended December 31, 2024, primarily due to an increase in our profit before tax, mainly attributable to the expansion of our business scale, partially offset by the increase in tax deductible allowance for our increase in research and development expenses associated with our increasing R&D activities.

Profit for the year

As a result of the above, our net profit increased by 74.7% from RMB28.1 million for the year ended December 31, 2023 to RMB49.1 million for the year ended December 31, 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Revenue increased by 121.7% from RMB141.8 million for the year ended December 31, 2022 to RMB314.3 million for the year ended December 31, 2023.

ESS Solutions

Revenue generated from our ESS Solutions increased by 101.5% from RMB140.7 million for the year ended December 31, 2022 to RMB283.5 million for the year ended December 31, 2023. Such increase was primarily due to increases in revenue of our (i) large-scale ESS; (ii) C&I ESS; and (iii) residential ESS.

- **Large-scale ESS.** Revenue generated from our large-scale ESS increased by 543.1% from RMB17.4 million for the year ended December 31, 2022 to RMB111.9 million for the year ended December 31, 2023. Such increase was primarily due to our decision to divert more resources towards large-scale ESS projects in 2023, resulting in an increase in the number of the large-scale ESS projects undertaken by us. Accordingly, our sales volume of large-scale ESS increased from 58.0 MWh in 2022 to 306.0 MWh in 2023.
- **C&I ESS.** We launched our C&I ESS in 2022 while actual delivers did not occur until 2023, no revenue was generated from our C&I ESS in 2022. For the year ended December 31, 2023, we generated revenue of RMB28.7 million from our C&I ESS.

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- **Residential ESS.** Revenue generated from our residential ESS increased by 35.6% from RMB102.3 million for the year ended December 31, 2022 to RMB138.7 million for the year ended December 31, 2023. Such increase was primarily due to the expansion of our market presence from Europe, particularly in the United Kingdom in 2022 to additional countries in Africa, i.e. South Africa in 2023. Accordingly, our sales units of residential ESS increased from 68.4 MWh in 2022 to 97.1 MWh in 2023.

EPC Services

As we did not commence the provision of our EPC services in 2022, no revenue was recorded for the year ended December 31, 2022. In 2023, we were awarded a EPC services project and recorded revenue of RMB30.3 million for the year ended December 31, 2023 based on the progress of such project.

Cost of sales

Our cost of sales increased by 116.9% from RMB106.2 million for the year ended December 31, 2022 to RMB230.3 million for the year ended December 31, 2023. Such increase was in line with the growth of our revenue and was primarily due to mainly attributable to (i) increases in our materials and components costs, which were in line with the growth of our revenue; and (ii) an increase in our direct labor costs, primarily due to the expansion of our manufacturing staff to support our growing operations, leading to an increase in salaries and benefits.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 136.0% from RMB35.6 million for the year ended December 31, 2022 to RMB84.0 million the year ended December 31, 2023. Our gross profit margin remained relatively stable at 25.1% and 26.7% for the year ended December 31, 2022 and 2023, respectively.

Gross profit margin of our ESS Solutions business remains stable at 25.6% and 27.2% for the year ended December 31, 2022 and December 31, 2023, respectively.

Gross profit margin of our large-scale ESS decreased from 31.4% for the year ended December 31, 2022 to 20.6% for the year ended December 31, 2023. The decrease in gross profit margin was mainly attributable to the decline in each of the average selling prices of two types of large-scale ESS products, which included (i) ESS with only DC-side setup integrated cabins assembled, and (ii) ESS with both AC-side and DC-side setup integrated cabins assembled. Such decline was primarily due to the intensified market competition since second half of 2023.

We recorded gross profit margin of our C&I ESS at nil and 17.9% for the year ended December 31, 2022 and 2023, respectively. No revenue and cost were recognized for our C&I ESS in 2022 as actual delivers only occurred in 2023.

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Gross profit margin of our residential ESS increased from 27.8% for the year ended December 31, 2022 to 34.1% for the year ended December 31, 2023, which was primarily due to a decrease in our reliance on subcontractors following our increased production capacity.

Gross profit margin of our EPC services was nil and 23.1% for the year ended December 31, 2022 and 2023, respectively. We recorded revenue from provision of our EPC services starting from 2023 as we were awarded our first EPC services project in the same year.

Other income and gains, net

Our other income and gains increased by 160.0% from RMB3.5 million for the year ended December 31, 2022 to RMB9.1 million for the year ended December 31, 2023. Such increase was primarily due to (i) compensation income received from a service provider due to its breach of contract in 2023; and (ii) the launch of extra tax deduction of VAT in 2023.

Research and development expenses

Our other income and gains increased by 342.1% from RMB3.8 million for the year ended December 31, 2022 to RMB16.8 million for the year ended December 31, 2023. Such increase was primarily due to (i) the expansion in number of R&D employees and an increase in overall salary expense; (ii) an increase in our material costs, primarily associated with our increasing R&D activities; and (iii) an increase in our professional service fees, mainly relating to our fees paid to external service providers for the outsourcing of our R&D activities for the development of our energy storage and energy management systems.

Administrative expenses

Our administrative expenses increased by 343.8% from RMB3.2 million for the year ended December 31, 2022 to RMB14.2 million for the year ended December 31, 2023. Such increase was primarily due to (i) the expansion of our administrative employees to support our growing operations; and (ii) an increase in our professional service fees, primarily attributable to our growing demand for product certification and intellectual property services, which aligned with the expansion of our business.

Selling and marketing expenses

Our selling and marketing expenses increased by 594.6% from RMB3.7 million for the year ended December 31, 2022 to RMB25.7 million for the year ended December 31, 2023. Such increase was primarily due to (i) the expansion of our marketing personnel to support our growing operations; (ii) an increase in our advertising and promotion expenses, particularly for attending trade fairs and exhibitions, which were associated with efforts to drive further brand awareness and market acceptance; and (iii) an increase in our entertainment expenses, partially resulting from increased client meetings aimed at growing and expanding our business.

FINANCIAL INFORMATION

Impairment losses on financial assets and contract assets, net

Our impairment losses on financial assets and contract assets increased by 400.0% from RMB0.3 million for the year ended December 31, 2022 to RMB1.5 million for the year ended December 31, 2023. Such increase was primarily due to the increase in our account receivables, which was generally in line with the expansion of our business scale.

Other expenses, net

We recorded other expenses of nil and RMB2,000 for the year ended December 31, 2022 and 2023, respectively.

Finance costs

Our finance cost increased significantly from RMB0.2 million for the year ended December 31, 2022 to RMB3.0 million for the year ended December 31, 2023. Such increase was primarily due to an increase in interest expenses associated with our growing interest-bearing bank loans, which was in line with the expansion of our business scale.

Share of losses of associate and joint venture

We recognised share of losses of associate and joint venture of RMB5,000 for the year ended December 31, 2023.

Income tax expense

Our income tax expenses remained relatively stable at RMB3.6 million and RMB3.6 million for the year ended December 31, 2022 and 2023, respectively.

Profit for the year

As a result of the above, our net profit increased by 15.6% from RMB24.3 million for the year ended December 31, 2022 to RMB28.1 million for the year ended December 31, 2023.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,418	23,174	90,253	137,864
Right-of-use assets	420	69,894	68,704	35,575
Other intangible assets	–	1,980	1,848	4,375
Investments in associate and joint venture	–	45	2,894	3,873
Equity investments designated at fair value through other comprehensive income	–	1,680	1,680	1,680
Prepayments, other receivables and other assets	–	9,586	–	10,000
Deferred tax assets	69	384	2,587	6,356
Total non-current assets	4,907	106,743	167,966	199,723
CURRENT ASSETS				
Inventories	32,370	120,312	115,628	295,666
Trade and bills receivables	41,590	165,765	520,457	952,282
Prepayments, other receivables and other assets	24,597	21,333	143,780	94,270
Financial assets at fair value through profit or loss	–	7,002	89,909	–
Contract assets	–	778	41,490	88,021
Restricted bank deposits	961	12,006	18,580	54,147
Cash and cash equivalents	7,296	14,236	50,262	46,687
Total current assets	106,814	341,432	980,106	1,531,073

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	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and bills payables	24,222	132,784	438,938	850,736
Other payables and accruals	5,572	13,248	20,896	32,384
Contract liabilities	10,779	92	82,107	111,986
Interest-bearing bank and other borrowings	38,234	131,621	315,404	331,225
Lease liabilities	97	5,702	67,566	4,246
Tax payable	3,070	2,561	5,933	6,253
Provision	37	819	1,680	2,595
Total current liabilities	82,011	286,827	932,524	1,339,425
NET CURRENT ASSETS	24,803	54,605	47,582	191,648
TOTAL ASSETS LESS CURRENT LIABILITIES	29,710	161,348	215,548	391,371
NON-CURRENT LIABILITIES				
Lease liabilities	197	64,907	205	9,952
Long-term payables	–	–	16,893	34,786
Deferred tax liabilities	582	447	1,668	1,667
Provision	146	1,331	1,846	4,108
Interest-bearing bank and other borrowings	–	–	2,144	40,888
Total non-current liabilities	925	66,685	22,756	91,401
NET ASSETS	28,785	94,663	192,792	299,970
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital/share capital	5,999	16,326	30,705	94,588
Reserves	22,781	78,317	160,968	204,263
	28,780	94,643	191,673	298,851
Non-controlling interests	5	20	1,119	1,119
TOTAL EQUITY	28,785	94,663	192,792	299,970

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Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of (i) machinery and equipment; (ii) electronics equipment; (iii) furniture fixtures and office equipment; (iv) motor vehicles; (v) buildings; (vi) construction in progress; and (vii) leasehold improvements.

Our property, plant and equipment significantly increased from RMB4.4 million as of December 31, 2022 to RMB23.2 million as of December 31, 2023. Such increase was mainly due to (i) the addition of our construction in progress, primarily relating to the renovation of our offices and production facilities; and (ii) an increase of our machinery and equipment, largely driven by our increased production capacity. Our property and equipment further increased from RMB23.2 million as of December 31, 2023 to RMB90.3 million as of December 31, 2024. Such increase was primarily attributable to (i) an increase of our construction of progress, primarily relating to the construction of two PV power stations invested by us in 2024, and will be used for the supply of electricity to local grid operators; (ii) an increase in our machinery and equipment, largely due to our acquisitions of production and R&D equipment for our expanded production facilities and increasing R&D activities; (iii) an increase in our furniture fixtures and office equipment to support our growing workforce; and (iv) the addition of our motor vehicles to support our business needs. Our property, plant and equipment then increased from RMB90.3 million as of December 31, 2024 to RMB137.9 million. Such increase was primarily attributable to an increase in our building, primarily associated with our acquisition of the leased property in Wuxi, Jiangsu Province, the PRC in February 2025. The overall increase in the net carrying amount of our property and equipment over time was primarily driven by the expansion of our production capacity to support our business growth.

The construction of the two PV power stations in 2024 aligns our existing business, in particularly our large-scale energy storage systems (ESS). These construction of the two PV power stations projects, approved by local authorities, enabled us to supply electricity to local grid operators while providing an opportunity to integrate and showcase our large-scale ESS products. Through this collaboration, our energy storage systems would serve as the backbone for grid stability and allow us to respond to grid peak shaving and frequency adjustment. The two PV power stations do not represent a new business segment, as the Directors had no plans to pursue similar projects through energy management contracts, viewing these as one-off initiatives. The construction of two PV power stations was completed in June 2025 and the Group did not generate revenue from electricity sold to local grid operators during the Track Record Period. Future revenue generating from electricity sold to local grid operators will be recognized as “Others” under revenue. Depending on market conditions, we may consider selling the two PV stations, with any net gains/losses recognized as other income rather than revenue, in line with applicable regulations.

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Right-of-Use Assets

During the Track Record Period, our right-of-use assets primarily represented our lease contracts for (i) buildings; (ii) land; and (iii) motor vehicles used in our operations. Our leased buildings and land had estimated useful lives of 20 years and 32 years, respectively, while our motor vehicles generally had lease terms of 36 months.

Our right-of-use assets increased from RMB0.4 million as of December 31, 2022, to RMB69.9 million as of December 31, 2023. Such increase was primarily relating to the accounting treatment made under HKFRS16 to reflect our Track Record Period acquisition of the leased property in Wuxi, Jiangsu Province, the PRC in February 2025 at a consideration of RMB68.0 million, for which we had a right of first refusal to acquire such property when signing the lease agreement in late 2023. Our right-of-use assets remained relatively stable of RMB69.9 million as of December 31, 2023 and RMB68.7 million as of December 31, 2024, respectively. Our right-of-use assets decreased from RMB68.7 million as of December 31, 2024 to RMB35.6 million as of June 30, 2025. Such decrease was primarily due to the termination of the lease for the property associated with the aforementioned acquisition in February 2025, which was then recognised as our buildings under property, plant and equipment.

Other Intangible Assets

During the Track Record Period, our other intangible assets consisted of purchased software. We did not record any other intangible assets as of December 31, 2022 and our intangible assets amounted to RMB2.0 million as of December 31, 2023. Such increase was primarily attributable to our acquisition of new enterprise resource planning software and various specialized design software to enhance our operational capabilities. Our other intangible assets remained relatively stable at RMB2.0 million and RMB1.8 million as of December 31, 2023 and 2024, respectively. Our other intangible assets increased from RMB1.8 million as of December 31, 2024 to RMB4.4 million as of June 30, 2025, which was primarily due to our purchases of new enterprise resource planning system for sales, production and supply chain, as well as computer-aided design software to support the growth of our business operation.

Investments in Associate and Joint Venture

Investments in associate and joint venture represented our investment in 10% equity interest in Jiangsu Staro Yunfu Electric Co., Ltd.* (江蘇思拓運福電氣有限公司), which is principally engaged in energy storage and product development, 34% equity interest in Guangxi Jineng Energy Investment Co., Ltd.* (廣西吉能能源投資有限公司), which is principally engaged in energy storage product development, 35% equity investment in Hebei Keliyuan Hybrid Energy Storage Technology Co., Ltd.* (河北科力遠混合儲能技術有限公司), which is principally engaged in energy storage product development. These investments represented our strategic cooperation with other energy storage system industry players for the purpose of finding business opportunities. We recorded investments in associate and joint venture of nil, RMB45,000, RMB2.9 million and RMB3.9 million as of December 31, 2022, 2023 and 2024, and June 30, 2025 respectively. The increase in our investment in such associate and joint venture represented our capital contribution during the Track Record Period.

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Equity investments designated at fair value through other comprehensive income (“FVTOCI”)

During the Track Record Period, our equity investments designated at FVTOCI primarily represented our investment in 10% equity interest in Baobiguoxia Energy Storage Technology (Hubei) Co., Ltd.* (保碧果下储能科技(湖北)有限公司), which is principally engaged in provision of technical service and is a holding company of a project company that has been awarded an energy management contract. The project company has awarded us the 18.975 MW/37.84 MWh energy storage station project in Yichang, Wubei Province in the PRC. For details, see “Business – Our Business Segments and Models – Our Business Model – EPC Services” in this document. We recorded equity investments designated at FVTOCI at nil, RMB1.7 million, RMB1.7 million and RMB1.7 million as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively.

Contract Assets

During the Track Record Period, our contract assets were initially recognized for revenue earned from (i) the provision of EPC services as the receipt of consideration was conditional upon fulfillment of payment conditions; and (ii) the provision of ESS solutions and EPC services as the receipt of consideration was conditional on successful completion of warranty conditions. We generally offer 12 months to five years warranty for our ESS solutions and EPC services subject to negotiations with clients. As of December 31, 2022, 2023 and 2024, and June 30, 2025 we recorded contract assets at nil, RMB0.8 million, RMB41.5 million and RMB88.0 million, respectively. Such increase in contract assets during the Track Record Period was generally in line with the expansion of our business scale.

The aging analysis of our contract assets as of the dates indicated, based on the date of revenue recognition and net of loss allowance reflects goods or services transferred or delivered to customers before payment or unconditional consideration under the contract. As of December 31, 2022, we had no recognized contract assets. By December 31, 2023, our total contract assets had reached RMB0.8 million, all of which fell within one year. As of December 31, 2024, our total contract assets had further increased to RMB41.5 million, comprising RMB40.7 million within one year and RMB0.8 million in the one to two-year range. As of June 30, 2025, we recorded total contract assets of RMB88.0 million, comprising RMB82.4 million within one year and RMB5.6 million in the one to two years. Our contract assets aged within a year represent goods or services transferred during the current financial year with warranty periods extending beyond the reporting date, while those one to two years represent goods or services transferred or delivered in connection with our ESS&EPC services in the preceding years with similar warranty periods. For customers of our ESS and EPC services where we provide warranty, we generally reserve a percentage of our contract sum, ranging from 3% to 10%, as warranty, in accordance with the terms of our agreements with those customers.

We assess recoverability of contract assets from time to time, and adjusted expected credit losses provision when deterioration of credit quality has come to management’s attention. Our Directors consider that sufficient provision was made and there was no material recoverability issue of our contract assets as of the Latest Practicable Date, for the reasons that: (i) we have a proven track record of credibility in collecting outstanding amounts; (ii) through verbal communication and publicly available information, our customers maintain stable business operations and are financially sound; (iii) there have been no

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material disputes or disagreements regarding the construction progress estimated by us and certified by our respective customers; (iv) our provision for impairment on contract assets is in line with industry peers and deemed adequate; (v) while we have sizable ongoing projects with long durations, prolonged certification processes, including final settlement audits, are typical in our industry; and (vi) our latest monitoring results indicate that all contract asset debtors as of June 30, 2025, were operating normally, with none facing winding-up petitions.

As of the Latest Practicable Date, RMB0.6 million or 0.69% of our contract assets as of June 30, 2025 had reached the warranty period and been billed as trade receivables.

For the expected timing of recovery or settlement for contract assets as at December 31, 2022, 2023 and 2024, and June 30, 2025 see Note 22 to the Accountant’s Report included in Appendix I to this document for further details.

Inventories

During the Track Record Period, our inventories primarily consisted of (i) raw materials; (ii) work in progress; and (iii) finished goods. The following table sets forth the carrying amount of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Raw materials	24,680	51,238	64,357	107,042
Work in progress	191	26,136	7,883	16,506
Finished goods	7,499	42,938	43,388	172,118
Total	32,370	120,312	115,628	295,666

Our inventories increased from RMB32.4 million as of December 31, 2022, to RMB120.3 million as of December 31, 2023, which was generally in line with our business expansion over time. Our inventories remained relatively stable at RMB120.3 million and RMB115.6 million as of December 31, 2023 and 2024, respectively, primarily because of our enhanced inventory management in an effort to improve our warehousing efficiency. Our inventories increased from RMB115.6 million to RMB295.7 million, which was in line with the increase in our sales volume.

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The following table sets forth an ageing analysis of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	31,920	118,475	107,390	270,722
6 months to 1 year	450	1,506	7,608	24,825
1 to 1.5 years	–	331	585	42
1.5 years to 2 years	–	–	45	77
Over 2 years	–	–	–	–
Total	32,370	120,312	115,628	295,666

The following table sets forth the turnover days of our inventories for the years/period indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Inventories turnover days ⁽¹⁾	60.6	121.0	49.5	62.2

Note:

- (1) Inventories turnover days for a year equals the average of the gross value of the opening and closing balance of our inventories divided by cost of sales for the relevant year/period, and multiplied by the number of days in the relevant year/period, which is 365 days for each year/183 days for each period.

The turnover days of our inventories increased from 60.6 days for the year ended December 31, 2022 to 121.0 days for the year ended December 31, 2023, primarily due to our business growth. The turnover days of our inventories decreased to 49.5 days for the year ended December 31, 2024, as we experienced a peak in sales during the last quarter of 2024, which allowed us to turn our inventory into sales quickly. The turnover days of our inventories then increased to 62.2 days for the six months ended June 30, 2025, which was in line with the increase of our sales volume.

As of September 30, 2025, RMB193.3 million or 65.4% of our inventories as of June 30, 2025, had been sold or utilized.

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Trade and Bills Receivables

During the Track Record Period, our trade and bills receivables primarily consisted of (i) trade receivables, representing the amount of money owed by customers for services or products sold on credit terms; and (ii) bills receivables, representing bank acceptance bills that have been received from our customers.

Our trading term with our customers were mainly on credit during the Track Record Period. Such credit period was generally 30 days to 180 days for major customers. Our bill receivables are generally due within six months.

The following table sets forth the details of our trade and bills receivables as of the date indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	41,535	163,441	514,039	859,959
Impairment	(392)	(1,696)	(8,285)	(15,306)
Subtotal	41,143	161,745	505,754	844,653
Bill receivables	447	4,020	14,703	107,629
Subtotal	447	4,020	14,703	107,629
Net carrying amount	41,590	165,765	520,457	952,282

Our trade and bills receivables increased from RMB41.6 million as of December 31, 2022 to RMB165.8 million as of December 31, 2023, then increased to RMB520.5 million as of December 31, 2024, and further increased to RMB952.3 million. Such increase was primarily due to an increase in trade and bills receivables in line with our business expansion and the corresponding growth in our sales volume, in particular, we experienced a peak in revenue recognition since the last quarter of 2024. The higher sales volume led to the increase in trade and bills receivable balance as of December 31, 2024 and June 30, 2025.

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The following table sets forth an ageing analysis of our trade receivables as of the dates indicated presented, based on the due date set out in the contracts and net of loss allowance:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	40,380	161,745	475,661	816,779
1 to 2 years	755	–	30,093	27,874
2 to 3 years	8	–	–	–
Total	41,143	161,745	505,754	844,653

The following table sets forth the number of our trade receivables turnover days for the years/ periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	56.2	119.0	120.6	181.8

Note:

- (1) The trade receivables turnover days are derived by dividing the average of the beginning and ending trade receivables balance by revenue for that year/period and multiplied by 365 days/183 days.

The following table sets forth the number of our trade and bills receivables turnover days for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	56.7	121.6	123.9	198.0

Note:

- (1) The trade and bills receivables turnover days are derived by dividing the average of the beginning and ending trade and bills receivables balance by revenue for that year/period and multiplied by 365 days/183 days.

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Our trade receivables turnover days increased from 56.2 days for the year ended December 31, 2022 to 119.0 days as of December 31, 2023, such increase was primarily due to our business growth. Our trade receivables turnover days remained relatively stable at 120.6 days and 181.8 days as of December 31, 2024 and June 30, 2025.

As of the Latest Practicable Date, RMB315.5 million, or 36.7%, of our trade receivables as of June 30, 2025 had been settled. We sought to maintain strict control over our outstanding receivables and had a credit control system to minimise credit risk. Each customer had a maximum credit limit. Account receivables were settled in accordance with the terms of the respective contracts. Overdue balances were reviewed regularly by senior management and when appropriate, provides for impairment of these trade receivables. We performed an impairment analysis at each reporting date using a provision matrix to measure expected credit loss. See Note 21 to the Accountants’ Report included in Appendix I to this document for further details. We did not hold any collateral or other credit enhancements over our trade receivable balances.

Recoverability for our trade receivables

Despite we have an increasing amount of trade receivables during the Track Record Period, our Directors consider that there was no material recoverability issue of our trade receivables and sufficient provision was made, for the reasons that:

- a majority of our trade receivables were aged within one year, which accounted for 98.1%, 100.0%, 94.0% and 96.7% of our total trade receivables as of December 31, 2022, 2023 and 2024, and June 30, 2025 respectively;
- the increasing trend of our trade receivables were in line with our increase in revenue. Our revenue increased by 121.7% from RMB141.8 million for the year ended December 31, 2022 to RMB314.3 million for the year ended December 31, 2023. It then increased by 226.3% from RMB314.3 million for the year ended December 31, 2023 to RMB1,025.6 million for the year ended December 31, 2024, and further increased by 663.1% from RMB90.6 million for the six months ended June 30, 2024 to RMB691.4 million for the six months ended June 30, 2025;
- the amount of provision on trade receivables is measured by applying a scientific assessment model, in which various considerations have been included under the ECL model, such as the future economic forecasts, credit risk of debtors and historical data. Our Directors consider the assessment model has provided a concrete basis to formulate the amount of provision;
- our Directors confirm there was no material disagreement or dispute between us and our customers which could adversely affect the recoverability of the trade receivables that remained unsettled; and we had not encountered any material bad debts being written off or any payment default that would lead to a materially adverse impact on our financial condition during the Track Record Period; and

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- our management closely monitors the amounts and turnover days for our trade receivables to minimise and control credit risk. Our management also reviews the outstanding balance with our customers at regular intervals to ascertain the collectability of our trade receivables and where necessary, our team may follow up on overdue balances from customers and the collection status would be required to be reported to our management on a regular basis. We would also consider to escalate to legal action if our debt recovery actions for trade receivables could not reach our expectations.

Based on the aforesaid, our Directors believe that we have no material recoverability issue for our trade receivables and we have made sufficient loss allowance provisions for trade receivables to mitigate the uncertainties associated with the outstanding amount and continue to make sufficient provisions to account for any potential write-offs and contingent factors.

In order to strengthen our credit control and improve the recoverability of our trade receivables, our Group have implemented sales and collection policy. See “Financial Information – Financial Risk Management Objective and Policies – Liquidity risk – Sales and collection policy” in this document for a detailed description of our sales and collection policy.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily consisted of (i) prepayments, mainly representing our prepayment made to our suppliers for purchase orders where payment has been made but the corresponding material or services have not yet been delivered; (ii) value-added tax recoverable, mainly representing the deductible difference between output VAT payable and input VAT payable under applicable PRC tax laws; (iii) staff advance, primarily in connection to petty cash provided to our employees; (iv) loans to third party, primarily associated with our loans to potential customers, other collaborators involved in our customers’ ESS projects and our acquaintances; (v) deposits, mainly representing rental deposits; (vi) other receivables and other assets, primarily in connection to our export tax rebates and rental subsidies; (vii) advance payments for property, plant and equipment, primarily representing our acquisitions of machinery and equipment; (viii) warranty receivables, mainly in connection with our guarantee payments for project quality.

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The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Prepayments	14,368	6,704	62,613	41,882
Value-added tax recoverable	1,464	4,096	10,918	22,377
Deposits	129	838	3,288	8,205
Loans to third parties	1,600	7,147	57,753	15,806
Staff advance	160	50	242	2,235
Other receivables and other assets	6,966	2,790	9,572	4,266
Subtotal – current	24,687	21,625	144,386	94,771
Impairment	(90)	(292)	(606)	(501)
Total-current	24,597	21,333	143,780	94,270
Non-current:				
Warranty receivables	–	–	–	10,000
Advanced payments for property, plant and equipment	–	9,586	–	–
Total-non-current	–	9,586	–	10,000
Total	24,597	30,919	143,780	104,270

Our prepayments, other receivables and other assets increased from RMB24.6 million as of December 31, 2022, to RMB30.9 million as of December 31, 2023, which was primarily due to (i) our advanced payments for property, plant and equipment; (ii) an increase in our loans to third parties; and (iii) an increase in our value-added tax recoverable, which were all mainly driven by our business expansion.

Our prepayments, other receivables and other assets further increased from RMB30.9 million as of December 31, 2023 to RMB143.8 million as of December 31, 2024, which was primarily due to an increase in our prepayments and an increase in our loan to third parties. Such increases were generally in line with the expansion of our business scale.

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Our prepayments, other receivables and other assets decreased from RMB143.8 million as of December 31, 2024 to RMB104.3 million as of June 30, 2025, which was primarily due to (i) the decrease in our loan to third parties; and (ii) the decrease in our prepayments, as a result of our strengthen bargaining power on payment terms. Such decrease was partially offset by (i) an increase in our value-added tax recoverable, which was mainly driven by an increase in our overseas sales; and (ii) an increase in our warranty receivables, which was mainly in association with our guarantee payment for project quality of a large ESS solutions deployment in the Hebei Province, the PRC.

As of December 31, 2022, 2023 and 2024, and June 30, 2025, our loans to third parties amounted to RMB1.6 million, RMB7.1 million, RMB57.8 million, and RMB15.8 million respectively, among which, RMB1.6 million, RMB3.4 million, RMB55.7 million and RMB15.4 million were business related, representing 100.0%, 47.6%, 96.4% and 97.5% of our loans to third parties, respectively; while the remaining were non-business related, which amounted to nil, RMB3.7 million, RMB2.1 million and RMB0.4 million as of December 31, 2022, 2023 and 2024, and June 30, 2025, representing nil, 52.4%, 3.6% and 2.5% of our loans to third parties, respectively.

Our business-related loans to third parties mainly represented our lending to (i) industry players which might engage us as their ESS product supplier; and (ii) other suppliers involved in our customers' ESS projects, primarily subcontractors participating in those projects.

In terms of our loans to industry players, we recorded RMB1.6 million, RMB3.4 million, RMB55.1 million and RMB14.9 million of such loans as of December 31, 2022, 2023 and 2024, and June 30, 2025 respectively. Those loans primarily represented lending extended to support those industry players' expenditures associated with power station projects or ESS projects, which was not uncommon in the industry for the purpose of maintaining a good relationship with other industry players and potential cooperation in the future according to CIC. Although engagement with our Group as a supplier for their ESS projects was not a prerequisite for the provision of loans, a few industry players still opted to use us as their supplier at market prices for the provision of the ESS products necessary for their ESS project upon completion of the preliminary work. During the Track Record Period, we recognized revenue of RMB43.7 million from industry player A (as described below) for the financial year ended December 31, 2023, of which RMB39.4 million was settled and RMB4.3 million was recorded as accounts receivable as of June 30, 2025. Save for industry player A, among the industry players to which we provided loans in 2022, 2023, and 2024, and the first half of 2025, we did not recognize any revenue from them during the Track Record Period.

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The table below sets forth a breakdown of our loans to industry players during the Track Record Period:

	Balance as of January 1, 2022 (RMB'000)	Proceed (RMB'000)	Interest (RMB'000)	Repayment (RMB'000)	Balance as of December 31, 2022 (RMB'000)	Proceed (RMB'000)	Interest (RMB'000)	Repayment (RMB'000)	Balance as of December 31, 2023 (RMB'000)	Proceed (RMB'000)	Interest (RMB'000)	Repayment (RMB'000)	Balance as of December 31, 2024 (RMB'000)	Proceed (RMB'000)	Interest (RMB'000)	Repayment (RMB'000)	Balance as of June 30, 2025 (RMB'000)
Loans to industry players																	
Industry player A ⁽¹⁾	-	-	-	-	-	-	-	-	-	2,000	-	-	2,000	-	-	(2,000)	-
Industry player B ⁽²⁾	-	-	-	-	-	3,000	-	-	3,000	1,000	-	-	4,000	-	-	(377)	3,623
Industry player C ⁽³⁾	-	-	-	-	-	-	-	-	-	4,000	-	(4,000)	-	-	-	-	-
Industry player D ⁽⁴⁾	-	-	-	-	-	-	-	-	-	2,300	-	(2,300)	-	-	-	-	-
Industry player E ⁽⁵⁾	-	-	-	-	-	-	-	-	-	3,700	-	(3,700)	-	-	-	-	-
Industry player F ⁽⁶⁾	-	-	-	-	-	-	-	-	-	54,500	596	(10,000)	45,096	39,500	-	(84,596)	-
Industry player G ⁽⁷⁾	-	-	-	-	-	-	-	-	-	3,600	-	-	3,600	-	-	-	3,600
Industry player H ⁽⁸⁾	-	-	-	-	-	-	-	-	-	10,000	19	(10,019)	-	-	-	-	-
Industry player I ⁽⁹⁾	-	1,600	-	-	1,600	-	2	(1,200)	402	-	-	-	402	-	-	(402)	-
Industry player J ⁽¹⁰⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	3,602	-	-	3,602
Industry player K ⁽¹¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	446	-	-	446
Industry player L ⁽¹²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	93	-	-	93
Industry player M ⁽¹³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	3,531	-	-	3,531
Total	-	1,600	-	-	1,600	3,000	2	(1,200)	3,402	81,100	615	(30,019)	55,098	47,172	-	(87,375)	14,895

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Notes:

- (1) Industry player A is principally engaged in power plant design, maintenance, consulting, engineering, sales of electrical and construction materials, technical training, and aquaculture. During the Track Record Period, we provided a loan of RMB2.0 million to industry player A on May 30, 2024 to facilitate their payment of a deposit for the tender of an ESS project for the construction of a wind power station. The loan was interest-free and repayable upon the completion of the tender process and the entering into of a formal agreement in connection with such ESS project. The loan was repaid on time.
- (2) Industry player B is principally engaged in electrical and mechanical engineering construction, equipment leasing, general cargo transportation, outdoor decorative lighting production and installation, and other ancillary services. During the Track Record Period, we provided a loan of RMB4.0 million loan on November 30, 2023 to industry player B to support their costs associated with land survey, rental expenses, and application for grid connection in connection with an ESS project for the construction of a grid-connected PV power system. The loan was interest-free, secured by a personal guarantee, and repayable according to the progress billings and payments of such project.
- (3) Industry player C is principally engaged in energy sector investments, developing renewable energy projects, providing technical consulting, and selling electrical equipment and energy storage systems. During the Track Record Period, we provided a loan of RMB4.0 million on March 10, 2024 to industry player C to support their initial expenditures on an ESS project, preceding the commencement of the construction of a distributed PV power system. The loan was interest-free, secured by personal guarantees and pledged equity interests, and had a term of two months. The loan was repaid on time.
- (4) Industry player D is principally engaged in engineering management, pollution control, R&D in energy technologies, energy management, and sales of electrical and renewable energy equipment, along with providing technology consulting and engineering contracting services. During the Track Record Period, we provided a loan of RMB2.3 million on April 1, 2024 to industry player D for their short term financing needs in relation to an ESS project for the construction of a PV power system. The loan was interest-free and had a term of eight days. The loan was repaid on time.
- (5) Industry player E is principally engaged in research and development of emerging energy technologies, engineering management, equipment sales and repair, property management and power facility maintenance. During the Track Record Period, we provided a loan of RMB3.7 million on October 11, 2024 to industry player E to facilitate their upfront rental expenditure associated with an ESS project for the construction of a PV power system. The loan had an interest rate of 4.0% per annum, which was subsequently waived upon mutual consent, secured by personal guarantees, and had a term of 50 days. The loan was repaid on time.
- (6) Industry player F is principally engaged in the design, installation, and maintenance of special equipment and power services, manufacturing of electronic components, software development, and sales of electrical and renewable energy products. During the Track Record Period, we provided loans totalling RMB54.5 million to industry player F on May 30, August 30 and October 10, 2024 to facilitate their upfront rental expenditures and development costs associated with several ESS projects for the construction of wind power stations, with repayment dates scheduled on or before 30 December 2024, which was subsequently extended to January 30, 2025. These loans had interest rates ranging from nil to 3.54% per annum, with RMB19.5 million of the loans secured by either personal or corporate guarantees, and terms not exceeding eight months. Upon mutual agreement, we subsequently extended the repayment date of the outstanding interest to June 2025.
- (7) Industry player G is principally engaged in power generation, transmission, and distribution services, as well as research and development of energy-efficient technologies and various technical services. During the Track Record Period, we provided a loan of RMB3.6 million to industry player G on March 29, 2024 to facilitate their application for grid connection in an ESS project for the construction of a PV power system, with repayment date scheduled on June 30, 2024, which was subsequently extended to November 15, 2024. The loan was interest-free.

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- (8) Industry player H is principally engaged in industrial investment, research and development, production, and sales of new materials and renewable energy, along with the import/export of goods and technologies, and provides various products and services, including smart machines and data center operations. During the Track Record Period, we provided a loan of RMB10.0 million to industry player H on September 19, 2024 for the development of potential ESS projects, with repayment date scheduled on October 8, 2024. The loan had interest rate based on loan prime rate. Upon mutual agreement, we subsequently extended the repayment date of the outstanding amount to December 12, 2024.
- (9) Industry player I is principally engaged in research and development of emerging energy technologies, technical services, energy management, and the sales of renewable energy equipment, alongside engineering management and consulting services. During the Track Record Period, we provided a loan of RMB1.6 million to industry player I on April 11, 2022 for the development of potential ESS projects, with original repayment date scheduled on March 31, 2023. The loan had interest rate of 3.65% per annum. Upon mutual agreement, we subsequently extended the repayment date of the outstanding amount to March 31, 2024.
- (10) Industry player J is principally engaged in solar power technology services, battery manufacturing and sales, smart distribution systems, and leasing of photovoltaic equipment, while also offering various technical services and investment activities. During the Track Record Period, we provided a loan of RMB3.6 million to industry player J on June 19, 2025 for payment of consulting service fee associated with an energy storage power station project, with original repayment date scheduled on June 30, 2025. The loan was interest-free. Upon mutual agreement, we subsequently extended the repayment date of the outstanding loan to December 31, 2025. As of the Latest Practicable Date, industry player J was ultimately controlled as to 75.5% by Ms. Zhang Panpan, the sister-in-law of Mr. Liu, our founder, executive Director, executive president, and Controlling Shareholder. All amounts due from industry player J will be settled before [REDACTED].
- (11) Industry player K is principally focusing on solar and wind power technology services, energy storage, electrical equipment repair, electric vehicle charging infrastructure, and human resources services, along with licensed activities in power generation, transmission, distribution, and hydropower. During the Track Record Period, we entered in to an agreement with industry player K, granting a loan of RMB3.5 million to support its daily operational activities, including, among others, payment for feasibility study reports, power quality reports, site levelling, advertising companies, and other preliminary administrative procedures, of which RMB0.4 million was utilized on May 9 and 26 and June 25, 2025. Such loan was interest-free, with original repayment date scheduled on June 30, 2025. Upon mutual agreement, we subsequently extended the repayment date of the outstanding loan to December 31, 2025. As of the Latest Practicable Date, industry player K was indirectly controlled by a limited partnership fund whose limited partners include CALB Group Co., Ltd. and another independent third party. Such fund’s general partners include an entity that also serves as the general partner of Kaibo Hongcheng, which is one of our [REDACTED] Investors. CALB Group Co., Ltd. was also one of our top five suppliers and top five customers for the year ended December 31, 2023.
- (12) Industry player L is principally engaged in provision of project management services and advanced power electronics, technical services, battery manufacturing and sales, and sales of photovoltaic equipment and components, along with data processing, and machinery leasing. During the Track Record Period, we entered in to an agreement with industry player L, granting a loan of RMB3.5 million to support its daily operational activities, including, among others, payment for feasibility study reports, power quality reports, site levelling, advertising companies, and other preliminary administrative procedures, of which RMB92.5 thousand was utilized on May 9 and 26, 2025. Such loan was interest-free, with original repayment date scheduled on June 30, 2025. Upon mutual agreement, we subsequently extended the repayment date of the outstanding loan to December 31, 2025. As of the Latest Practicable Date, industry player L was indirectly controlled by a limited partnership fund whose limited partners include CALB Group Co., Ltd. and another independent third party. Such fund’s general partners include an entity that also serves as the general partner of Kaibo Hongcheng, which is one of our [REDACTED] Investors. CALB Group Co., Ltd. was also one of our top five suppliers and top five customers for the year ended December 31, 2023.

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- (13) Industry player M is principally engaged in the provision of solar power generation technology services. During the Track Record Period, we entered into two agreements with industry player N, granting an aggregate loan of RMB4.5 million to support its daily operational activities, including, among others, payment for feasibility study reports, power quality reports, site levelling, advertising companies, and other preliminary administrative procedures, of which RMB3.5 million was utilized for the five months ended May 31, 2025. Such loan was interest-free, with repayment date scheduled on December 31, 2025. As of the Latest Practicable Date, industry player M was indirectly controlled by a limited partnership fund whose limited partners include CALB Group Co., Ltd. and another independent third party. Such fund’s general partners include an entity that also serves as the general partner of Kaibo Hongcheng, which is one of our [REDACTED] Investors. CALB Group Co., Ltd. was also one of our top five suppliers and top five customers for the year ended December 31, 2023.

According to the General Lending Provisions (《貸款通則》), only financial institutions may legally engage in the business of extending loans, and engaging in business of extending loans in violation of PRC national laws and regulations between companies that are not financial institutions are prohibited. According to the Provisions of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the “**Private Lending Provisions**”), the validity and legality of financing arrangements and lending transactions between non-financial institutions are recognized subject to certain conditions, such as the loans are use for business operation purposes and do not fall within the specified circumstances outlined in the Civil Code of the PRC (《中華人民共和國民法典》) and Private Lending Provisions. During the Track Record Period and up to the Latest Practicable Date, (i) lending was not our primary business and all the arrangements are made based on genuine business operations; (ii) the interest rates of such loans did not exceed the rate provided by Private Lending Provisions; (iii) there were no disputes or controversies between us and such borrowers in relation to the loans; and (iv) the Group had not been subject to any administrative penalties, investigations, or enforcement actions and did not receive any notice from any regulatory authority with respect to the provision of the loans described above. Based on the basis above, the Group’s PRC Legal Adviser is of the view that we did not violate the relevant PRC laws and regulations in all material respects in connection with these loans arrangements, and that the risk that we would be subject to any penalty with respect to provision of loans under the arrangements, pursuant to the General Lending Provisions, and Private Lending Provisions, by the relevant regulatory authorities is relatively low.

The outstanding balance comprises loans to industry players B, G, J, K, L and M. While it is expected that the outstanding amounts of the loan to industry player B will be settled in the fourth quarter of 2025 according to the progress billings and payments of the ESS project and loans to industry players J, K, L and M will be settled in the fourth quarter of 2025 on their respective scheduled repayment dates, industry player G has failed to meet its repayment obligations on time, prompting us to instigate debt recovery proceedings. We have served payment demand notices and lodged an application with the PRC court for the recovery of the remaining outstanding amount. The matter was heard on July 10, 2025, and on August 28, 2025, the PRC court made a judgment ordering industry player G to repay the loan of RMB3.6 million, along with accrued interest, within ten days of the judgment’s effective date, subject to a 15-day period for appeal. As of the Latest Practicable Date, the loan to industry player G remains outstanding. Accordingly, an application was made to the PRC court on October 24, 2025 for the enforcement of the judgment dated August 28, 2025 against industry player G. Upon assessment of industry player G’s financial standing, our Director’s considers that Industry Player G would be able to settle the outstanding

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amount. Therefore, the loan to Industry Player G is recoverable and sufficient provision for bad debt has been made upon assessment of our credit risk. Save to our loan to Industry Player G, there has been no default on our other outstanding loans to industry players as of the Latest Practicable Date.

As of the Latest Practicable Date, our Directors have no current intention to continue with such arrangement with our potential customers in the foreseeable future.

In terms of our loan to other suppliers involved in our customers’ ESS projects, as of December 31, 2024, we extended a loan of RMB0.5 million to an independent subcontractor that was involved in a ESS project which we participated in for its short-term financing needs in such project. As the commencement of our work was contingent upon the subcontractor’s completion of its tasks, such loan was provided to support the ongoing workflow of the project and ensure timely progress. Such loan was non-interest bearing, and was repayable upon reaching specific project milestones.

Our non-business-related loans to third parties mainly consisted of loans to individual acquaintances and affiliated entity for meeting their short-term financing needs, which amounted to nil, RMB3.7 million, RMB2.1 million and RMB0.4 million as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. Such loans had interest rates based on loan prime rate or ranging from nil to 3.5% per annum, and terms of no more than one year in general.

As of the Latest Practicable Date, none of our loan to third parties as of June 30, 2025 had been settled.

As of the Latest Practicable Date, RMB23.6 million or 22.5% of our prepayments, other receivables and other assets as of June 30, 2025, had been subsequently settled.

Financial Assets at FVTPL

Our financial assets at FVTPL during the Track Record Period mainly represented low risk wealth management products issued by banks in the PRC for a term of seven days held by us as idle cash management. We had financial assets at FVTPL of nil, RMB7.0 million, RMB89.9 million and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively.

We have adopted a set of internal policies and guidelines to manage our investments. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise’s operations. Upon [REDACTED], we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders’ approval requirements (if applicable).

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Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. To control our risk exposure, we make investment decisions related to structured deposits and low risk wealth management products, after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Restricted Bank Deposits

Our restricted bank deposits primarily represented security deposits placed at bank for guarantee letters issued under our sales contracts. As of December 31, 2022, 2023 and 2024, and June 30, 2025, we recorded restricted bank deposits of RMB1.0 million, RMB12.0 million, RMB18.6 million and RMB54.1 million respectively. Our restricted bank deposits increased from RMB1.0 million as of December 31, 2022 to RMB12.0 million as of December 31, 2023, primarily due to the requirement of placing a large security deposit with a bank for the EPC services project awarded to us in 2023. Our restricted bank deposits increased from RMB18.6 million as of December 31, 2024 to RMB54.1 million as of June 30, 2025. Such increase was primarily due to a growing number of customers of our EPC projects and ESS solutions requesting security deposits, which was in line with the growth of our business operation.

Cash and Cash Equivalent

As of December 31, 2022, 2023 and 2024, and June 30, 2025 the balance of our cash and cash equivalents amounted to RMB7.3 million, RMB14.2 million, RMB50.3 million and RMB46.7 million, respectively. Our Directors confirm that our bank and cash balances were maintained at a prudent level for the purpose of satisfying the requirements for our daily business operations. See “Liquidity and capital resources – Cash flows” in this section for further details.

Trade and Bills Payables

During the Track Record Period, our trade and bills payables primarily consisted of outstanding amount due to third parties, mainly our suppliers for raw material and service providers.

Our trade and bills payables increased from RMB24.2 million as of December 31, 2022 to RMB132.8 million as of December 31, 2023, then increased to RMB438.9 million as of December 31, 2024, and further increased to RMB850.7 million as of June 30, 2025. The increase in trade and bills payables during the Track Record Period was generally in line with our business expansion and the corresponding rise in our purchase amounts during the Track Record Period.

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The following table sets forth the details of our trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	24,222	132,784	412,649	804,900
Bills payables	—	—	26,289	45,836
Total	24,222	132,784	438,938	850,736

The following table sets forth an ageing analysis of our trade payables as of the dates indicated, based on the date of service/good purchased received:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	21,818	132,641	409,244	782,563
1 to 2 years	2,404	143	3,354	22,205
Over 2 years	—	—	51	132
Total	24,222	132,784	412,649	804,900

The following table sets forth the number of our trade payables turnover days for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade payables turnover days ⁽¹⁾	48.3	124.4	114.3	184.1

Note:

- (1) The trade payable turnover days are derived by dividing the average of the beginning and ending trade payables balance by cost of sales for that year/period and multiplied by 365 days/183 days.

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Our trade payables turnover days increased from 48.3 days for the year ended December 31, 2022 to 124.4 days for the year ended December 31, 2023. Such increase was primarily due to our business growth. Our trade payables turnover days remained relatively stable at 124.4 days and 114.3 days for the year ended December 31, 2023 and December 31, 2024, respectively. Our trade payables days increased from 114.3 days for the year ended December 31, 2024 to 184.1 days for the year ended December 31, 2025, which was primarily attributable to the enforcement of our cash flow management policy. See “Financial Information – Financial Risk Management Objective and Policies – Liquidity risk – Cash flow management” in this document for a detailed description of our cash flow management policy.

As of the Latest Practicable Date, RMB290.8 million, or 36.1%, of our trade payables as of June 30, 2025 had been settled.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals primarily consisted of (i) other taxes payables on VAT, stamp duty, urban maintenance and construction tax, union fees, and educational levies; (ii) payroll and welfare payables, relating to our employee salaries and compensation; (iii) other payables, primarily involving payables for professional service fees, equipment, rental and utility expenses and other expenses; and (iv) long-term payables, mainly associated with our equipment sale and leaseback financing and motor vehicle financing instalments.

The following table sets forth the details of other payables and accruals as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Current				
Other taxes payable	353	416	2,820	3,237
Payroll and welfare payables	3,017	6,365	6,382	6,489
Other payables ⁽¹⁾	2,202	6,467	8,047	9,108
Current portion of long-term payables ⁽²⁾	–	–	3,647	13,550
Subtotal	5,572	13,248	20,896	32,384
Non-Current				
Long-term payables ⁽²⁾	–	–	16,893	34,786
Total	5,572	13,248	37,789	67,170

Notes:

(1) Other payables are non-interest bearing and had an average term of three months.

(2) Long-term payables are charged interests with effective rates from 4.60% to 6.08% per annum.

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Our other payables and accruals increased from RMB5.6 million as of December 31, 2022 to RMB13.2 million as of December 31, 2023, which was primarily due to (i) an increase in our other payables, primarily due to an increase in rental and utility expenses following our entry of a new lease in Wuxi, Jiangsu Province, the PRC for production facilities; and an increase in our payables on machinery and equipment to support our business needs; and (ii) an increase in our payroll and welfare payables, mainly due to the expansion of our employees to support our growing business operations, leading to an increase in the payment of their salaries and benefit.

Our other payables and accruals increased from RMB13.2 million as of December 31, 2023 to RMB37.8 million as of December 31, 2024, which was primarily due to (i) an increase in our current portion of long-term payables, primarily due to our new equipment sale and leaseback financing and motor vehicle financing arrangements in 2024; (ii) an increase in our other payables, primarily due to an increase in our payables for professional service fees; and (iii) an increase in our other tax payables, mainly resulting from an increase in our VAT payables, which was in line with the increase in our sales.

Our other payables and accruals increased from RMB37.8 million as of December 31, 2024 to RMB66.9 million as of June 30, 2025, which was primarily due to an increase in our long-term payables, mainly due to the new equipment sale and leaseback financing arrangement of associated with the completion of the two PV power stations in 2025.

As of the Latest Practicable Date, RMB19.0 million, or 58.5%, of our other payables and accruals as of June 30, 2025 had been settled.

Contract Liabilities

During the Track Record Period, our contract liabilities primarily represented advance received from customers for our services/products that had yet to be performed/delivered.

Our contract liabilities decreased from RMB10.8 million as of December 31, 2022 to RMB0.1 million as of December 31, 2023. Such decrease was primarily due to our delivery of most of our products and the performance of most of our services associated with advanced received from customers back in 2022. Our contract liabilities increased from RMB0.1 million as of December 31, 2023 to RMB82.1 million as of December 31, 2024, and further to RMB112.0 million as of June 30, 2025. Such increase was primarily due to advance payments received from a customer of our large-scale ESS, following the entry into a significant framework procurement agreement in 2024.

As of the Latest Practicable Date, RMB57.6 million, or 51.5%, of our contract liabilities as of June 30, 2025 had been recognized as revenue.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal use of cash during the Track Record Period was for working capital purposes, production of our products and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operating activities, contributions from Shareholders and bank borrowings. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, bank borrowings and [REDACTED] from the [REDACTED]. As of December 31, 2022 and 2023 and 2024, and June 30, 2025, we had cash and cash equivalents of RMB7.3 million, RMB14.2 million, RMB50.3 million, and RMB46.7 million, respectively.

Working Capital Sufficiency

Taking into account the financial resources available to us, including cash flow from operating activities, unutilized bank borrowing, and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flows

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Net cash flows (used in)/from operating activities	(30,321)	(72,908)	3,730	(51,884)	(204,911)
Net cash flows (used in)/from investing activities	(5,909)	(44,704)	(202,700)	(31,122)	76,147
Net cash flows from financing activities	41,200	124,548	234,963	87,790	125,100
Net increase/(decrease) in cash and cash equivalents	4,970	6,936	35,993	4,784	(3,664)
Cash and cash equivalents at the beginning of the year/period	2,369	7,296	14,236	14,236	50,262
Cash and cash equivalents at the end of the year/period	7,296	14,236	50,262	19,009	46,687

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Net Cash Flows (used in)/from Operating Activities

During the Track Record Period, our net cash flows (used in)/from operating activities reflect our profit before tax, adjusted for (i) cash flow effects of certain non-cash/non-operating income statement items, including, among others, impairment losses on trade and bills receivables, impairment losses on contract assets, impairment loss on other receivables, write-down of inventories to net realisable value, depreciation of property and equipment, depreciation of right-of-use assets, amortization of other intangible assets, equity-settled share award expenses, loss on disposal of property, plant and equipment, net, finance costs and share of losses of associate and joint venture; and (ii) the effects on change in our working capital, including changes in inventories, increase in restricted bank deposits, trade and bills receivables, contract assets, prepayments, other receivables and other assets, trade and bills payables, other payables and accruals, provisions, contract liabilities and effect of exchange rate, net.

For the six months ended June 30, 2025, our net cash flows used in operating activities was RMB204.9 million, while our profit before tax was RMB8.6 million. The difference primarily represented upward adjustments for (i) non-cash depreciation and amortization of RMB8.6 million in connection with our property, plant and equipment, right-of-use assets and other intangible assets; (ii) non-cash impairment losses on trade and bills receivables of RMB7.0 million; and (iii) finance costs of RMB5.5 million, which was accounted for as financing cash outflow.

The amount is further adjusted by changes in itemized balances of working capital that have a negative effect on cashflow, including (i) an increase in trade and bills receivables of RMB439.7 million, primarily due to the concentration of major products deliveries in April to June 2025, with settlement expected to occur in the second half of the year; and (ii) an increase in inventories of RMB180.1 million to support an increasing number of sales orders, as well as changes in itemized balances of working capital that had a positive effect on cashflow, including (i) an increase in trade and bills payables of RMB411.8 million; (ii) an increase in contract liabilities of RMB29.9 million; and (iii) an increase in other payables and accruals of RMB30.3 million.

For the year ended December 31, 2024, our net cash flows from operating activities was RMB3.7 million, while our profit before tax was RMB53.8 million. The difference primarily represented (i) upward adjustments for (i) non-cash depreciation and amortization of RMB11.3 million in connection with our property, plant and equipment, right-of-use assets and other intangible assets; (ii) finance costs of RMB10.3 million, which was accounted for as financing cash outflow; and (iii) non-cash impairment losses on trade and bills receivables of RMB6.6 million.

The amount is further adjusted by changes in itemized balances of working capital that have a negative effect on cashflow, including (i) an increase in trade and bills receivables of RMB361.3 million; and (ii) an increase in prepayments, other receivables and other assets of RMB72.2 million, as well as changes in itemized balances of working capital that had a positive effect on cashflow, including (i) an increase in trade and bills payables of RMB306.2 million; and (ii) an increase in contract liabilities of RMB82.0 million.

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For the year ended December 31, 2023, our net cash flows used in operating activities was RMB72.9 million, while our profit before tax was RMB31.8 million. The difference primarily represented upward adjustments for (i) non-cash equity-settled share award expense of RMB3.6 million; (ii) finance costs of RMB3.0 million, which was accounted for as financing cash outflow; and (iii) non-cash depreciation and amortization of RMB1.9 million in connection with our property, plant and equipment, right-of-use assets and other intangible assets.

The amount was further adjusted by changes in itemized balances of working capital that had a negative effect on cashflow, including (i) an increase in trade and bills receivables of RMB125.5 million in line with our business expansion and the corresponding growth in our sales volume; (ii) an increase in inventories of RMB88.0 million, which was mainly attributable to the expansion of our production activities; and (iii) a decrease in contract liabilities of RMB10.7 million, which was primarily due to our delivery of most of our products and the performance of most of our services associated with advanced received from customers back in 2022, as well as changes in itemized balances of working capital that had a positive effect on cashflow, including an increase in trade and bills payables of RMB108.6 million, which was driven by a surge in procurement activities aligned with our growing operations.

For the year ended December 31, 2022, our net cash flows used in operating activities was RMB30.3 million, while our profit before tax was RMB27.9 million. The difference primarily represented changes in itemized balances of working capital that had a negative effect on cashflow, including (i) an increase in trade and bills receivables of RMB39.9 million, which was primarily driven by our business expansion and the corresponding growth in our sales volume, as well as our entry into emerging markets like Africa, where initial payment cycles were comparatively longer; and (ii) an increase in inventories of RMB29.5 million, which was primarily attributable to our strategic decision to enhance our purchases of raw materials in response to a significant rise in orders for our large-scale ESS in 2023, to meet the growing overseas demand for our residential ESS, and to support the expansion of production capacity, as well as changes in itemized balances of working capital that had a positive effect on cashflow, including (i) an increase in trade and bills payables of RMB20.3 million, which was driven by a surge in procurement activities aligned with our growing operations; and (ii) an increase in contract liabilities of RMB9.5 million, as a result of an increase in sales of our products along with our business growth.

We experienced net cash flows used in operating activities of RMB30.3 million, RMB72.9 million, RMB51.9 million and RMB204.9 million for the years ended December 31, 2022 and 2023 and for the six months ended June 30, 2024 and 2025, respectively. In light of our net operating cash outflows during the Track Record Period, we expect to improve our cash position primarily through:

- (i) continuously increasing revenue through provision of large-scale ESS solutions and products by maintaining amicable business relationships with existing customers; leveraging our proven quality and reliability from previous projects; expanding our geographical reach for C&I ESS solutions and residential ESS solutions through cooperation with overseas distributors;

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- (ii) implementing cost control measures aimed at improving cost efficiency. As we expect to enhance our existing AI technologies, such as AI-optimized fault detection and predictive maintenance, our ability to anomaly and the need for manual troubleshooting, thereby minimizing downtime, and improving operational efficiency. In addition, as we gradually scale up mass production following the expansion of our production capacity, we have adopted measures including (a) optimizing production process and equipment use to reduce engineering and maintenance costs and depreciation and amortization costs, (b) streamlining the production process to reduce workforce and raw materials utilized, thereby lowering manufacturing labour costs and material costs, among others, and (c) improving the efficiency in sourcing and procurement of raw materials, which further lowered material consumption and costs;
- (iii) promoting “customer-provided cell” model in large-scale ESS projects, whereby project owners directly procure and supply battery cells, reducing the impact of raw materials on cash flow;
- (iv) effectively managing operating expenses through targeted promotion and marketing activities, further refining technologies and optimizing team structure and corporate management; and
- (v) adopting a comprehensive, multi-faceted approach designed to ensure our financial stability and operational efficiency. See “Financial Information – Financial Risk Management Objectives and Policies – Liquidity Risk”.

Net Cash Flows Used in/from Investing Activities

For the six months ended June 30, 2025, our net cash from investing activities was RMB76.1 million, mainly due to (i) proceeds from our disposal of financial assets at FVTPL of RMB89.7 million; and (ii) repayment of third party loan of RMB88.5 million, partially offset by (i) our purchases of items of property, plant and equipment and other intangible assets amounting to RMB56.1 million; and (ii) our loan to third party of RMB44.2 million.

For the year ended December 31, 2024, our net cash flows used in investing activities was RMB202.7 million, which was mainly due to (i) our payments for acquisition of financial assets at FVTPL of RMB99.9 million; (ii) our purchases of property, plant and equipment of RMB66.1 million; and (iii) our loans to third party of RMB62.3 million, partially offset by our proceeds from disposal of financial assets at FVTPL of RMB17.0 million.

For the year ended December 31, 2023, our net cash flows used in investing activities was RMB44.7 million, which was mainly due to (i) our payments for acquisition of financial assets at FVTPL of RMB55.0 million; (ii) our purchases of property, plant and equipment of RMB28.3 million, partially offset by our proceeds from disposal of financial assets at FVTPL of RMB48.0 million.

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For the year ended December 31, 2022, our net cash flows used in investing activities was RMB5.9 million, which was mainly due to our purchases of items of property, plant and equipment of RMB4.3 million.

Net Cash Flows From Financing Activities

For the six months ended June 30, 2025, our net cash flows from financing activities was RMB125.1 million, which was mainly due to (i) new bank and other borrowings of RMB223.1 million; (ii) capital contribution of RMB100.0 million, partially offset by repayment of bank and other borrowings of RMB169.4 million.

For the year ended December 31, 2024, our net cash flows from financing activities was RMB235.0 million, which was mainly due to (i) new bank and other borrowings of RMB385.6 million; (ii) capital contribution of RMB43.8 million, partially offset by repayment of bank and other borrowings of RMB179.6 million.

For the year ended December 31, 2023, our net cash flows from financing activities was RMB124.5 million, which was primarily attributable to (i) new bank and other borrowings of RMB174.7 million; and (ii) capital contribution of RMB34.1 million, partially offset by repayment of bank and other borrowings of RMB81.5 million.

For the year ended December 31, 2022, our net cash flows from financing activities was RMB41.2 million, which was mainly due to (i) new bank and other borrowings of RMB39.3 million, and (ii) capital contribution of RMB4.6 million, partially offset by repayment of bank and other borrowings of RMB2.4 million.

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CURRENT ASSETS AND CURRENT LIABILITIES

Our net current assets represent the differences between our current assets and our current liabilities. As of December 31, 2022, 2023 and 2024, June 30, 2025 and September 30, 2025, we had net current assets of RMB24.8 million, RMB54.6 million, RMB47.6 million, RMB191.6 million and RMB218.9 million, respectively.

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	September 30,
	2025			2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Inventories	32,370	120,312	115,628	295,666	198,372
Trade and bills receivables	41,590	165,765	520,457	952,282	1,083,229
Prepayments, other receivables and other assets	24,597	21,333	143,780	94,270	139,658
Financial assets at FVTPL	–	7,002	89,909	–	–
Contract assets	–	778	41,490	88,021	191,971
Restricted bank deposits	961	12,006	18,580	54,147	56,608
Cash and cash equivalents	7,296	14,236	50,262	46,687	134,470
Total current assets	106,814	341,432	980,106	1,531,073	1,804,308
Current liabilities					
Trade and bills payables	24,222	132,784	438,938	850,736	863,997
Other payables and accruals	5,572	13,248	20,896	32,384	39,381
Contract liabilities	10,779	92	82,107	111,986	203,139
Interest-bearing bank and other borrowings	38,234	131,621	315,404	331,225	465,441
Lease liabilities	97	5,702	67,566	4,246	4,233
Tax payable	3,070	2,561	5,933	6,253	5,145
Provision	37	819	1,680	2,595	4,101
Total current liabilities	82,011	286,827	932,524	1,339,425	1,585,437
Net current assets	24,803	54,605	47,582	191,648	218,871

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Our net current assets increased from RMB191.6 million as of June 30, 2025 to RMB218.9 million as of September 30, 2025, which was primarily due to (i) an increase in our contract assets; and (ii) an increase in our trade and bills receivables, as partially offset by (i) an increase in our interest-bearing bank and other borrowings; and (ii) a decrease in our inventories.

Our net current assets increased from approximately RMB47.6 million as of December 31, 2024 to RMB191.6 million as of June 30, 2025, which was primarily due to (i) an increase in our trade and bills receivables; and (ii) an increase in our inventories, as partially offset by an increase in our trade and bills payables.

Our net current assets decreased from RMB54.6 million as of December 31, 2023 to RMB47.6 million as of December 31, 2024, which was primarily due to (i) an increase in our trade and bills payables; (ii) an increase in our interest-bearing bank and other borrowings; and (iii) an increase in our contract liabilities, partially offset by (i) an increase in trade and bills receivables; (ii) an increase in prepayments, other receivables and other assets; and (iii) an increase in financial assets at FVTPL.

Our net current assets increased from RMB24.8 million as of December 31, 2022 to RMB54.6 million as of December 31, 2023. Such increase was primarily due to (i) an increase in our trade and bills receivables; (ii) an increase in our inventories; (iii) an increase in our financial assets at FVTPL; and (iv) a decrease in our contract liabilities, partially offset by (i) an increase in trade and bills payables; and (ii) an increase in our interest-bearing bank and other borrowings.

INDEBTEDNESS

Our indebtedness mainly included interest-bearing bank and other borrowings and 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

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guarantees or other contingent liabilities as of September 30, 2025. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since September 30, 2025 and up to the date of this document. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current					
Interest-bearing bank and other borrowings					
Bank borrowings, unguaranteed and unsecured	511	767	20,250	60,193	119,846
Bank borrowings, guaranteed and unsecured	11,510	98,315	294,642	264,482	335,595
Bank borrowings, secured	–	32,539	–	–	–
Other borrowings, guaranteed and unsecured	25,000	–	–	–	–
Current portion of long-term bank borrowings, unguaranteed and unsecured	1,213	–	–	–	–
Current portion of long-term bank borrowings, guaranteed and unsecured	–	–	–	6,035	–
Current portion of long-term bank borrowings, secured	–	–	512	515	10,000
Lease liabilities	97	5,702	67,566	4,246	4,233
<i>Subtotal</i>	<u>38,331</u>	<u>137,323</u>	<u>382,970</u>	<u>335,471</u>	<u>469,674</u>
Non-current					
Lease liabilities	197	64,907	205	9,952	9,980
Interest-bearing bank and other borrowings					
Bank borrowings, guaranteed and unsecured	–	–	–	39,000	90,000
Bank borrowings, secured	–	–	2,144	1,888	3,174
<i>Subtotal</i>	<u>197</u>	<u>64,907</u>	<u>2,349</u>	<u>50,840</u>	<u>103,154</u>
Total	<u>38,528</u>	<u>202,230</u>	<u>385,319</u>	<u>386,311</u>	<u>572,828</u>

Note:

- (1) Certain of our bank and other borrowings are guaranteed or secured by certain of our substantial Shareholders, Directors, and a third party guarantee company, of which the guarantees provided by our substantial Shareholders and Directors will be released on or before [REDACTED].

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As of December 31, 2022, certain of our interest-bearing bank borrowings of up to RMB11.5 million, with a term of no more than a year and interest rates ranging from 4.05% to 4.8% were obtained with guarantees provided by Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs (上海市中小微企業政策性融資擔保基金管理中心) (the “Center”), a public institution established by the Shanghai Municipal People’s Government, mainly responsible for operating the Shanghai Policy Financing Guarantee Funds for SMEs (上海中小微企業政策性融資擔保基金) to support the development of small-and-medium-sized enterprises with growth potential and business operations in Shanghai. As requested by our financial providers, we engaged the Center to provide guarantee for our bank borrowings upon payment of guarantee fees. Such interest-bearing borrowings have been fully repaid, and the respective guarantees provided by the Center have been fully released as of December 31, 2023. On the basis that (i) the Center is a licensed public institution within China and has no connection with us, the Controlling Shareholders, or management; (ii) as of the Latest Practicable Date, all relevant bank loans have been fully repaid and the guarantee responsibility has been simultaneously released, our PRC Legal Adviser is of the view that the arrangements with respect to the guarantee with the Center did not violate any applicable PRC laws or regulations in any material aspects.

Upon releasing the guarantee provided by our substantial Shareholders and Directors, we expect to meet our financing requirement through (i) financial resources available to us, including our cash and cash equivalents on hand and cash from operating activities; (ii) unutilized bank facilities, and (iii) the estimated [REDACTED] from the [REDACTED]. We consider that our ability to raise funds for future development would not be adversely affected by the release of the guarantee provided by substantial Shareholders and Directors. Accordingly, our Directors are satisfied that we are capable of carrying on our business independently of our substantial Shareholders and Directors after [REDACTED].

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings during the Track Record Period represented bank loans from commercial banks in China, which were used for plant construction, equipment purchases, and working capital.

As of December 31, 2022, 2023 and 2024, June 30, 2025 and September 30, 2025, we had interest-bearing bank and other borrowings of RMB38.2 million, RMB131.6 million, RMB317.5 million, RMB372.1 million and RMB558.6 million, respectively. Our short-term unguaranteed and unsecured bank borrowings had effective interest rates of 4.62% as of December 31, 2022, ranging from 3.45% to 4.62% per annum, 3.45% to 3.50% per annum and 2.10% to 3.50% per annum as of December 31, 2023 and 2024, and June 30, 2025, respectively. Our short-term guaranteed and secured bank borrowings had effective interest rates ranging from 4.05% to 4.80% per annum, 2.00% to 4.80% per annum, 2.00% to 3.80% per annum and 2.00% to 3.50% per annum as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. Our short term secured bank borrowings had effective interest rates ranging from 3.00% to 3.80% per annum as of December 31, 2023. Our short term guaranteed and unsecured other borrowings had effective interest rates ranging from 6.00% to 8.00% as of December 31, 2022. Our current portion of unguaranteed and unsecured long-term bank borrowings had effective interest rates of 4.25% as of

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December 31, 2022. Our current portion of guaranteed long-term borrowings had effective interest rate of 3.10% as of June 30, 2025. Our current portion of secured long-term bank borrowings had effective interest rate of 5.5% as of December 31, 2024 and June 30, 2025. Our interest-bearing bank and other borrowings are all denominated in RMB. The non-current borrowings will be repaid by instalments over six years. The fluctuation in our bank and other borrowings during the Track Record Period was primarily due to an increase in our capacity requirement in light of our business expansion and development. As of June 30, 2025, we had unutilized banking facilities of RMB221.3 million, which can be utilized to address our liquidity needs. For more details about our interest-bearing bank and other borrowings, see Note 28 to the Accountants’ Report in Appendix I to this document.

Our Directors confirm that we have not defaulted in the repayment of the bank and other borrowings during the Track Record Period. Our Directors have confirmed that, as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we did not experience any difficulty in obtaining bank borrowings.

Lease Liabilities

Our lease liabilities primarily represented our obligations related to the leasing of office premises during the Track Record Period. Lease liabilities are measured at net present value of the lease payments that were not yet paid during the lease terms.

Our lease liabilities increased from RMB0.3 million as of December 31, 2022 to RMB70.6 million as of December 31, 2023. Such increase was primarily relating to the accounting treatment made under HKFRS 16 to reflect our post Track Record Period acquisition of the leased property in Wuxi, Jiangsu Province, the PRC in February 2025 at a consideration of RMB68.0 million, for which we had a right of first refusal to acquire such property when signing the lease agreement in late 2023. Our lease liabilities remained relatively stable at RMB70.6 million and RMB67.8 million as of December 31, 2023 and 2024, respectively. Our lease liabilities then decreased to RMB14.2 million as of June 30, 2025, primarily due to the aforementioned acquisition of the leased property in February 2025, which was then recognized as our property, plant and equipment.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures for the purchases of items of property and equipment and purchases of other intangible assets, to support our growth of operations. Such capital expenditures were primarily funded by our internal financial resources including cash generated from operations and bank and other borrowings. For the year ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, we incurred capital expenditure of RMB4.3 million, RMB21.9 million, RMB76.3 million, and RMB56.1 million, respectively.

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The following table sets forth our capital expenditures for the years indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Capital expenditures				
Purchases of items of property, plant and equipment	4,309	19,776	76,184	53,411
Purchases of other intangible assets	—	2,084	80	2,658
Total	4,309	21,860	76,264	56,069

We will continue to make capital expenditures to support the expected growth of our business and expansion plans. We expect to finance our capital expenditures through cash flow from operating activities, unutilised bank borrowing and the estimated [REDACTED] from the [REDACTED]. For details, please refer to “Future Plans and Use of [REDACTED]”. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditure according to future cash flows, results of operations, financial conditions, market conditions and various other factors.

COMMITMENTS

Capital commitments represent capital expenditure contracted for as of a particular date but not yet incurred. As of December 31, 2022, 2023 and 2024, and June 30, 2025 our capital commitments amounted to nil, RMB5.4 million, RMB2.5 million, and RMB21.0 million respectively, which represented our committed expenditures related to our improvement for buildings and plants, purchase for constructions and unpaid capital of investments in associate and joint venture.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, and June 30, 2025, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not entered into any off-balance sheet transactions.

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KEY FINANCIAL RATIOS

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

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Profit Indicators				
Return on equity ⁽¹⁾	84.3%	29.7%	25.5%	N/A ⁽⁸⁾
Return on total assets ⁽²⁾	21.7%	6.3%	4.3%	N/A ⁽⁸⁾
Gross profit margin ⁽³⁾	25.1%	26.7%	15.1%	12.5%
Net profit margin ⁽⁴⁾	17.1%	9.0%	4.8%	0.8%
Liquidity				
Current Ratio (<i>times</i>) ⁽⁵⁾	1.3	1.2	1.1	1.1
Quick Ratio (<i>times</i>) ⁽⁶⁾	0.9	0.8	0.9	0.9
Gearing Ratio ⁽⁷⁾	133.8%	213.6%	199.9%	128.8%

Notes:

- (1) Return on equity is calculated based on our net profit for each reporting year/period divided by the total equity as of the end of each reporting year/period and multiplied by 100%.
- (2) Return on total assets is calculated based on our net profit for each reporting year/period divided by total assets as of the end of each reporting year/period and multiplied by 100%.
- (3) Gross profit margin is calculated based on the gross profit for each reporting year/period divided by total revenue for each reporting year/period and multiplied by 100%.
- (4) Net profit margin is calculated based on the net profit for each reporting year/period divided by the total revenue for each reporting year/period and multiplied by 100%.
- (5) Current ratio is calculated based on total current assets divided by the total current liabilities as of the end of each reporting year/period.
- (6) Quick ratio is calculated based on our total current assets excluding inventories divided by the total current liabilities as of the end of each reporting year/period.
- (7) Gearing ratio is calculated based on our debt (total interest bearing bank and other borrowings and lease liabilities) divided by our total equity as of the end of each reporting year/period and multiplied by 100%.
- (8) The six-month figure is not applicable as it is not comparable to an annual figure.

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See “Period-to-Period Comparison of Results of Operations” in this section above for further information on the changes in our gross profit margin during the Track Record Period.

Our return on equity decreased from 84.3% as of December 31, 2022 to 29.7% as of December 31, 2023, which was primarily attributable to the growth of our total equity due to capital contributions made by our shareholders in 2023. Our return on equity remained relatively stable at 29.7% and 25.5% as of December 31, 2023 and 2024, respectively.

Our return on total assets decreased from 21.7% as of December 31, 2022 to 6.3% as of December 31, 2023, and further decreased to 4.3% for the year ended December 31, 2024. Such decrease was mainly due to an increase in our total assets during the Track Record Period attributable to the expansion of our business.

Our net profit margin decreased from 17.1% as of December 31, 2022, to 9.0% as of December 31, 2023, then decreased to 4.8% as of December 31, 2024 and further decreased to 0.8% as of June 30, 2025. Such decrease was mainly driven by the growth of our non-operating costs resulting from our business expansion.

Our current ratio remained relatively stable at 1.3 times, 1.2 times, 1.1 times and 1.1 times as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively.

Our quick ratio remained relatively stable at 0.9 times, 0.8 times, 0.9 times and 0.9 times as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively.

Our gearing ratio increased from 133.8% as of December 31, 2022 to 213.6% as of December 31, 2023 and remained relatively stable at 199.9% as of December 31, 2024, and then decreased to 128.8% as of June 30, 2025, which was primarily due to the fluctuation in our bank and other borrowings and lease liabilities to support our business operation.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, our related party transactions mainly involved loans to a Director and a key management personnel, guarantees provided by our Shareholders, and compensation for key management personnel. All the transactions with our related parties were carried out in accordance with the terms and conditions mutually agreed by the parties involved. For details of our related party transactions during the Track Record Period, see Note 36 to the Accountants’ Report included in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 36 to the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties and their terms were fair, reasonable and in the interest of our Shareholders as a whole. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

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FINANCIAL PERFORMANCE PRIOR TO THE TRACK RECORD PERIOD

We recorded historical accumulated losses of RMB1.5 million at the beginning of the Track Record Period as there was a transition of our business to the provision of ESS products and solutions since late 2020. We commenced our business through providing battery swap products upon our establishment in January 2019. At that point in time, we were at the nascent stage of development, focusing on building our brand reputation and customer base and continuously improving our energy storage platform, laying the foundation for our subsequent ESS business development. As new energy policies were still in their infancy and the energy storage market was slowly unfolding, battery swap business presented a transitional solution with a demand window, paving the way for our future growth in the ESS market. Despite the adverse impact of the COVID-19 pandemic, we achieved profitability for the year ended December 31, 2020 (i.e. the second year since its inception) with minimal accumulated losses of RMB0.1 million as of December 31, 2020.

Between 2020 and 2021, with the release of Interim Measures for the Safety Management of Electrochemical Energy Storage Power Stations (Draft for Comment)* (電化學儲能電站安全管理暫行辦法(徵求意見稿)), it raised the safety standards for energy storage, promoting the growth of fire safety demand and providing policy support for our fire safety ESS business. In addition, the change of requirements for fire prevention and control technology in the fire safety energy storage market, which necessitated the installation of fire safety equipment in lithium battery energy storage systems, further boosting fire safety demand growth, and bringing new opportunities to our fire safety energy storage business. Also, with the upgrading of the technology in charging piles with higher safety and compatibility requirements, there was a growing demand to replace existence charging piles in the market, further promoting the growth of our charging pile business with significant business opportunities. In late 2020, after recognizing the substantial development opportunities of the global ESS market and China ESS market, we began to transition our business to the provision of ESS products and solutions, including charging piles and fire safety ESS. We also optimized our platform, conducting scenario verification for light storage and fire safety energy storage, laying the foundation for the development of our large-scale and household ESS businesses. The shift brought short-term revenue fluctuations and resulted in a temporary decline in our revenue, leading to losses for the year ended December 31, 2021, and thus, we recorded historical accumulated losses.

Following the completion of this transition in 2021 and the launch of our residential ESS products and solutions in overseas markets and the large-scale ESS products and solutions in the PRC market in 2022, our scale of operations expanded significantly during the Track Record Period. We significantly reduced our battery swap business due to high operating losses and high future maintenance costs, while continuing to promote our charging pile and fire safety energy storage business and maintaining our market competitiveness. We also put more efforts in developing the large-scale and household ESS markets to seize market growth opportunities. As a result, we recorded net profits since 2022 onwards and successfully turned around our financial position from accumulated losses to retained earnings in 2022.

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FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the Track Record Period, our principal financial instruments comprised cash and bank deposits and interest-bearing bank and other borrowings. The main purpose of these financial instruments was to raise finance for our operation. We had various other financial assets and liabilities such as trade and bills receivables and trade and other payables, which arose directly from our operations.

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. For more details, see Note 39 to the Accountants’ Report in Appendix I to this document. The Board reviews and agrees policies for managing each of these risks and they are summarized below:

Foreign Currency Risk

We mainly operate in the PRC with most of our monetary assets, liabilities and transactions principally denominated in RMB, GBP, USD and EUR. We do not use any derivative to hedge our exposure to foreign currency risk.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows.

Our Group manages liquidity risk through a comprehensive, multi-faceted approach designed to ensure financial stability and operational efficiency.

Sales and Collection Policy

We have implemented a robust sales and collection policy that includes ongoing credit evaluations of our customers’ financial conditions. For both new and existing customers, we assess credit quality early in the sales process. Our sales department is responsible for evaluating customer risks and credits, utilizing a customer grading system that categorizes clients based on their credit risk. For high-risk customers, we typically require payment before delivery or prepayment to mitigate financial risk and safeguard our funds.

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For new customers, our sales staff collects essential information to build comprehensive customer profiles, including business operations, financial conditions, and credit histories. This includes preparing a new customer application form that details the customer’s scope of business, market position, purpose of purchase, and potential risks. Before entering into sales contracts, we conduct internal reviews with our finance, sales, and legal teams to confirm the order.

When payments are due for over 90 days, we take appropriate follow-up actions based on prior assessments and Director reviews. This includes continuous communication with customers, negotiating payment plans, monitoring implementation, sending monthly overdue notices, and, if necessary, pursuing legal action for debts overdue by more than a year. Our sales team actively follows up on trade receivables, and their performance is closely monitored as part of their KPIs, with bonuses directly linked to collection rates. Payments not collected within 180 days after delivery disqualify the responsible staff from earning corresponding commissions.

Cash Flow Management

To control cash outflows, we have established a tiered approval process for significant expenditures that exceed a specified threshold, requiring approvals from our management. This ensures all major expenses are thoroughly justified, thereby reducing potential financial risks. Additionally, we negotiate with key suppliers to extend payment terms by 30 days, optimizing cash flow and alleviating immediate financial pressures. We also prioritize sourcing from suppliers that offer credit purchases, limiting advance payments to under 20%, which minimizes cash outlay and enhances liquidity stability.

Cost Management and Debt Structure

To improve our financial standing, we implement a stringent cost-reduction strategy focused on decreasing production and management expenses. Through meticulous management and process optimization, we aim to enhance operational efficiency and profitability, thereby bolstering our liquidity position.

We also focus on strategic debt adjustments to optimize our asset and liability structure. By strengthening partnerships with banks, we secure long-term financing that alleviates short-term repayment pressures, allowing us to concentrate on business growth. Additionally, we actively pursue government subsidies that offer low-cost funding, further optimizing our overall debt structure.

Financing Channels and Accountability

We are committed to expanding our financing channels by enhancing our brand influence to attract quality investors. Simultaneously, we explore opportunities to convert debt into equity, optimizing our capital structure. This dual approach not only strengthens our financial foundation but also ensures robust support for long-term growth.

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To maintain accountability in management, we conduct weekly liquidity management meetings led by the finance department. These meetings involve heads of procurement, sales, and production, facilitating cross-departmental collaboration and timely communication regarding financial conditions. This proactive approach enables us to swiftly resolve any funding issues, ensuring the Group’s financial health remains robust and stable.

DIVIDENDS

No dividend has been paid or declared by us during the Track Record Period. After completion of the [REDACTED], our shareholders will be entitled to receive dividends declared by us. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

According to the PRC law, with respect to distribution of any future net profit of the current year that we make, we will be obliged to allocate 10% of our net profit to our statutory reserve fund until such fund has reached more than 50% of our registered capital. If our statutory reserve is insufficient to cover previous years’ losses, the current year’s profits shall first be used to cover such losses before being set aside. We will therefore only be able to declare dividends after (i) all our historically accumulated losses if any have been made up for; and (ii) we have allocated sufficient net profit to our statutory reserve fund as described above.

The determination of whether to pay a dividend and in which amount is based on our results of operations, cash flow, financial condition, capital requirements and other factors the Board may deem relevant. Although currently we do not have a formal dividend policy, any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder’s meeting and the compliance with our Articles of Association and relevant regulatory requirement.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we had distributable reserves of RMB95.7 million.

[REDACTED]

Our [REDACTED] mainly include sponsor’s fee, [REDACTED], professional fees paid to legal advisers, the reporting accountants and other professional advisers for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] million (HK\$[REDACTED] million), representing [REDACTED]% of the [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. Our [REDACTED] are categorized into [REDACTED]-related expenses of approximately RMB[REDACTED] (HK\$[REDACTED]) and non-[REDACTED]-related expenses of approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]), representing [REDACTED]% and [REDACTED]%, respectively, of the [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED].

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The non-[REDACTED]-related expenses can be further classified into fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] (HK\$[REDACTED]) and other fees and expenses of approximately RMB[REDACTED] (HK\$[REDACTED]), representing [REDACTED]% and [REDACTED]%, respectively, of the [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] in aggregate of RMB[REDACTED] million (equivalent to HK\$[REDACTED] million), of which RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) was charged to the consolidated statements of profit or loss and RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) is expected to be accounted for as a deduction from equity upon the [REDACTED]. We expect to incur additional [REDACTED] of approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) for the year ended December 31, 2025, of which approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) is expected to be charged to the consolidated statements of profit or loss and approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) is expected to be recognized as a deduction in equity directly upon [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

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[REDACTED]

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since June 30, 2025, being the end of the Track Record Period, and there is no event since June 30, 2025 which would materially affect the information shown in the Accountants’ Report, the contents of which are set out in the Accountants’ Report in Appendix I to this document.

NO SIGNIFICANT INTERRUPTIONS

Our Directors have confirmed that there have been no interruptions in our business that may have a material adverse effect on our financial position and results of operations in the 12-month period prior to the Latest Practicable Date.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rule.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business – Our Development Strategies” in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] being not exercised and an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] stated in this document. If the [REDACTED] is set at HK\$[REDACTED] per H Share, being the high end of the [REDACTED], the [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per H Share, being the low end of the [REDACTED], the [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED] million.

Assuming an [REDACTED] at the mid-point of the [REDACTED], we intend to use the [REDACTED] from the [REDACTED] for the following purposes:

- (1) approximately [REDACTED]% or HK\$[REDACTED], will be used for enhancing our R&D capabilities, among which,
 - (i) approximately [REDACTED]% or HK\$[REDACTED] million, will be used for enhancing our AI R&D capabilities, among which, (a) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of hardware with focus on enhancement of our AI computing capability; (b) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of supportive services from third-party providers with focus on enhancement of our edge-intelligence capabilities; (c) approximately [REDACTED]% or HK\$[REDACTED] will be used for recruiting 53 R&D staff; (d) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of software with focus on improvement of AI operation environment; and (e) approximately [REDACTED]% or HK\$[REDACTED] will be used for IP rights protection, AI commercialization and compliance;

The [REDACTED] allocated to R&D are strategically divided to address distinct priorities in our domestic and overseas businesses. Domestic R&D focuses on software enhancements for EMS dispatch and unattended operation modules, hardware development of 3S fusion inverters and battery early-warning systems, and recruitment to support these efforts. It also includes establishing specialized labs such as the Thermal Runaway Simulation Laboratory and industry-academia collaborations to improve battery safety and compliance with domestic standards. Overseas R&D emphasizes advancing the Hanchu iESS platform software and corresponding Internet technology, next-generation energy storage batteries, and related hardware, supported by dedicated laboratories and talent recruitment. Additionally, overseas efforts prioritize rigorous testing and certification to meet international standards necessary for global market expansion.

FUTURE PLANS AND USE OF [REDACTED]

- (ii) approximately [REDACTED]% or HK\$[REDACTED], will be used for strengthening our R&D efforts on enhancement of our domestic business, among which, (a) approximately [REDACTED]% or HK\$[REDACTED] will be used for upgrading our energy storage EMS dispatch module and unattended O&M module, among which, i) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant software; and ii) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant hardware; (b) approximately [REDACTED]% or HK\$[REDACTED] will be used for recruiting 48 R&D staff; (c) approximately [REDACTED]% or HK\$[REDACTED] will be used for developing our 3S integrated cluster control inverter products, among which, i) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant hardware; and ii) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant software; (d) approximately [REDACTED]% or HK\$[REDACTED] will be used for upgrading our EMS, in particular its battery warning functions, among which, i) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant hardware for the establishment of Simulation Laboratory for Thermal Runaway (熱失控模擬實驗室) and Joint R&D Station with universities; and ii) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant software; and (e) approximately [REDACTED]% or HK\$[REDACTED] will be used for authentication of software, hardware, product and IP rights;
- (iii) approximately [REDACTED]% or HK\$[REDACTED], will be used for strengthening our R&D efforts on enhancement of our overseas business, with key initiatives expected to be rolled out progressively from 2026 to 2027, including testing and certification work in connection with new energy storage batteries, inverters and system products to ensure compliance with international standards; among which, (a) approximately [REDACTED]% or HK\$[REDACTED] will be used for developing next-generation energy storage battery and energy storage inverter, among which, i) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant hardware; ii) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant software; iii) approximately [REDACTED]% or HK\$[REDACTED] will be used for recruiting 133 R&D staff; and iv) approximately [REDACTED]% or HK\$[REDACTED] will be used for testing and application for certifications for our systems and products; (b) approximately [REDACTED]% or HK\$[REDACTED] will be used for the establishment of laboratory for testing of energy storage battery and energy storage inverter, among which, i) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of hardware and relevant design and testing service; ii) approximately [REDACTED]% or HK\$[REDACTED] will be used for upgrading and decoration of the existing operating environment for the laboratory; and iii) approximately [REDACTED]% or HK\$[REDACTED] will be used for testing and application for certifications for our systems and products; and (c) approximately [REDACTED]% or HK\$[REDACTED] will be used for upgrading our Hanchu iESS, among which, i) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant cloud services and software; ii) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of relevant hardware; and iii) approximately [REDACTED]% or HK\$[REDACTED] will be used for recruitment of R&D staff;

FUTURE PLANS AND USE OF [REDACTED]

- (2) approximately [REDACTED]% or HK\$[REDACTED], will be used to build our overseas operational and service network to support our international growth strategies, with roll-out expected to commence in 2025 focusing on Europe and Africa, where we plan to establish 10 overseas operational and service centers across Europe (including the United Kingdom, Germany, Italy, the Netherlands and Hungary) and Africa (including South Africa, Zambia, Zimbabwe, Nigeria and Kenya) in phases from 2026 to 2027; among which, (a) approximately [REDACTED]% or HK\$[REDACTED] will be used for establishment of infrastructures in Europe and Africa, which primarily include exhibitions and experience halls and overseas after-sales service centers with training, accessories support, warehousing, repair, data monitoring and other capabilities to provide localized support and after-sales services for our customers and/or the end users in the overseas markets; (b) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of machinery and equipment to enhance the customers’ experience and support our technical and maintenance services, fault analysis and repair services; (c) approximately [REDACTED]% or HK\$[REDACTED] will be used for promotion and procurement of insurance; and (d) approximately [REDACTED]% or HK\$[REDACTED] will be used for recruitment of operational staff and engineers;
- (3) approximately [REDACTED]% or HK\$[REDACTED], will be used to expand our production capacity for our large-scale ESS product, C&I ESS product and residential ESS product to further achieve our growth strategies, among which, (a) approximately [REDACTED]% or HK\$[REDACTED] will be used for procurement of two new production lines for manufacturing our large-scale ESS product with each a designed annual production capacity of 1.5 GWh of our large-scale ESS product procurement of two new production lines for and upgrading our existing production facilities and equipment for production of our large-scale ESS product, together with two sets of test systems; (b) approximately [REDACTED]% or HK\$[REDACTED] will be used for comprehensive upgrading our existing production factory, including plant renewal, decoration and digitalization upgrading; and (c) approximately [REDACTED]% or HK\$[REDACTED] will be used for procuring one new production line for manufacturing our residential ESS products with designed annual production capacity of 60,000 units, together with two sets of test systems, and upgrading our existing production facilities and equipment for manufacturing the same. See “Business – Production – Expansion Plan” for further details; and
- (4) approximately [REDACTED]% or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

To the extent our [REDACTED] are either more or less than expected, we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro rata basis.

FUTURE PLANS AND USE OF [REDACTED]

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we can only place the [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of [REDACTED] or if any amount of the [REDACTED] will be used for general corporate purpose.

If the [REDACTED] is fully exercised, the [REDACTED] that we will receive will be approximately HK\$[REDACTED], at the [REDACTED] of HK\$[REDACTED] per H Share, and after deducting the [REDACTED] and [REDACTED] payable by our Company. The additional amount raised will be applied to the above areas of use of [REDACTED] on pro rata basis.

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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ACCOUNTANTS’ REPORT

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUOXIA TECHNOLOGY CO., LTD. AND CHINA EVERBRIGHT CAPITAL LIMITED

Introduction

We report on the historical financial information of Guoxia Technology Co., Ltd. (formerly known as Jiangsu Guoxia Technology Corporation Limited, the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [•] to [•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 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 30 June 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 initial [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.

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

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ACCOUNTANTS’ REPORT

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 30 June 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.

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 and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 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.

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Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	5	141,831	314,307	1,025,613	90,623	691,370
Cost of sales		(106,211)	(230,309)	(870,606)	(78,804)	(605,107)
Gross profit		35,620	83,998	155,007	11,819	86,263
Other income and gains, net	5	3,463	9,051	14,628	4,580	15,080
Research and development expenses		(3,787)	(16,811)	(31,578)	(12,303)	(16,657)
Administrative expenses		(3,224)	(14,157)	(26,125)	(12,994)	(32,575)
Selling and marketing expenses		(3,677)	(25,725)	(39,947)	(17,305)	(29,877)
Impairment losses on financial assets and contract assets, net	6	(255)	(1,513)	(7,353)	(789)	(7,447)
Other expenses, net		–	(2)	(337)	(286)	(14)
Finance costs	7	(246)	(3,043)	(10,324)	(4,862)	(5,493)
Share of losses of associates and joint ventures	17	–	(5)	(151)	(1)	(730)
PROFIT/(LOSS) BEFORE TAX	6	27,894	31,793	53,820	(32,141)	8,550
Income tax expenses	10	(3,617)	(3,645)	(4,701)	6,551	(2,975)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		<u>24,277</u>	<u>28,148</u>	<u>49,119</u>	<u>(25,590)</u>	<u>5,575</u>
Profit/(loss) attributable to:						
Owners of the parent		24,280	28,133	49,119	(25,590)	5,575
Non-controlling interests		<u>(3)</u>	<u>15</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>24,277</u>	<u>28,148</u>	<u>49,119</u>	<u>(25,590)</u>	<u>5,575</u>

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ACCOUNTANTS’ REPORT

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
OTHER COMPREHENSIVE LOSS					
Other comprehensive loss that may be reclassified to loss in subsequent periods:					
Debt investments at fair value through other comprehensive loss					
Changes in fair value	–	–	–	–	(839)
Income tax effect	–	–	–	–	118
Net other comprehensive loss that may be reclassified to loss in subsequent periods	–	–	–	–	(721)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD, NET OF TAX	–	–	–	–	(721)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	24,277	28,148	49,119	(25,590)	4,854
Total comprehensive income/(loss) attributable to:					
Owners of the parent	24,280	28,133	49,119	(25,590)	4,854
Non-controlling interests	(3)	15	–	–	–
	24,277	28,148	49,119	(25,590)	4,854
Profit/(loss) per share attributable to ordinary equity holders of the parent					
Basic (<i>RMB</i>)	2.11	0.84	0.87	(0.52)	0.06
Diluted (<i>RMB</i>)	2.11	0.84	0.87	(0.52)	0.06

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December 2022	31 December 2023	31 December 2024	30 June 2025
	Notes	RMB’000	RMB’000	RMB’000	RMB’000
NON-CURRENT ASSETS					
Property, plant and equipment	13	4,418	23,174	90,253	137,864
Right-of-use assets	14	420	69,894	68,704	35,575
Other intangible assets	15	–	1,980	1,848	4,375
Investments in associate and joint venture	17	–	45	2,894	3,873
Equity investments designated at fair value through other comprehensive income	18	–	1,680	1,680	1,680
Prepayments, other receivables and other assets	23	–	9,586	–	10,000
Deferred tax assets	30	69	384	2,587	6,356
Total non-current assets		4,907	106,743	167,966	199,723
CURRENT ASSETS					
Inventories	20	32,370	120,312	115,628	295,666
Trade and bills receivables	21	41,590	165,765	520,457	952,282
Prepayments, other receivables and other assets	23	24,597	21,333	143,780	94,270
Financial assets at fair value through profit or loss	19	–	7,002	89,909	–
Contract assets	22	–	778	41,490	88,021
Restricted bank deposits	24	961	12,006	18,580	54,147
Cash and cash equivalents	24	7,296	14,236	50,262	46,687
Total current assets		106,814	341,432	980,106	1,531,073
CURRENT LIABILITIES					
Trade and bills payables	25	24,222	132,784	438,938	850,736
Other payables and accruals	26	5,572	13,248	20,896	32,384
Contract liabilities	27	10,779	92	82,107	111,986
Interest-bearing bank and other borrowings	28	38,234	131,621	315,404	331,225
Lease liabilities	14	97	5,702	67,566	4,246
Tax payable		3,070	2,561	5,933	6,253
Provision	29	37	819	1,680	2,595
Total current liabilities		82,011	286,827	932,524	1,339,425

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		31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS		24,803	54,605	47,582	191,648
TOTAL ASSETS LESS CURRENT LIABILITIES		29,710	161,348	215,548	391,371
NON-CURRENT LIABILITIES					
Lease liabilities	14	197	64,907	205	9,952
Long-term payables	26	–	–	16,893	34,786
Deferred tax liabilities	30	582	447	1,668	1,667
Provision	29	146	1,331	1,846	4,108
Interest-bearing bank and other borrowings	28	–	–	2,144	40,888
Total non-current liabilities		925	66,685	22,756	91,401
Net assets		28,785	94,663	192,792	299,970
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital/share capital	31	5,999	16,326	30,705	94,588
Reserves	33	22,781	78,317	160,968	204,263
		28,780	94,643	191,673	298,851
Non-controlling interests		5	20	1,119	1,119
Total equity		28,785	94,663	192,792	299,970

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

Note	Attributable to owners of parent					
	Paid-in capital	Statutory reserves	(Accumulated losses)/ retained profits	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	1,400	–	(1,499)	(99)	8	(91)
Profit for the year	–	–	24,280	24,280	(3)	24,277
Total comprehensive income for the year	–	–	24,280	24,280	(3)	24,277
Capital contribution from shareholders 31	4,599	–	–	4,599	–	4,599
Transfer to statutory reserves	–	1,119	(1,119)	–	–	–
At 31 December 2022	5,999	1,119*	21,662*	28,780	5	28,785

Year ended 31 December 2023

		Attributable to owners of parent							
Notes		Share-based					Non-controlling interests	Total equity	
		Paid-in capital	Capital reserve	payment reserve	Statutory reserves	Retained profits			Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			RMB'000
At 1 January 2023		5,999	–	–	1,119	21,662	28,780	5	28,785
Profit for the year		–	–	–	–	28,133	28,133	15	28,148
Total comprehensive income for the year		–	–	–	–	28,133	28,133	15	28,148
Capital contribution from shareholders	31	10,327	23,786	–	–	–	34,113	–	34,113
Equity-settled share award arrangements	32	–	–	3,617	–	–	3,617	–	3,617
Transfer to statutory reserves		–	–	–	2,582	(2,582)	–	–	–
At 31 December 2023		16,326	23,786*	3,617*	3,701*	47,213*	94,643	20	94,663

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

		Attributable to owners of parent							
			Share-based					Non-	
	Notes	Paid-in capital	Capital reserve	payment reserve	Statutory reserves	Retained profits	Total	controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024		16,326	23,786	3,617	3,701	47,213	94,643	20	94,663
Profit for the year		–	–	–	–	49,119	49,119	–	49,119
Total comprehensive income for the year		–	–	–	–	49,119	49,119	–	49,119
Capital contribution from shareholders	31	14,379	29,399	–	–	–	43,778	–	43,778
Capital contribution from non-controlling interests		–	–	–	–	–	–	1,099	1,099
Equity-settled share award arrangements	32	–	–	4,133	–	–	4,133	–	4,133
Transfer to statutory reserves		–	–	–	4,579	(4,579)	–	–	–
At 31 December 2024		30,705	53,185*	7,750*	8,280*	91,753*	191,673	1,119	192,792

Six months ended 30 June 2024 (unaudited)

	Attributable to owners of parent							
		Share-based					Non-	
	Paid-in	Capital	payment	Statutory	Retained		controlling	Total
	capital	reserve	reserve	reserves	profits	Total	interests	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	16,326	23,786	3,617	3,701	47,213	94,643	20	94,663
Loss for the period (unaudited)	–	–	–	–	(25,590)	(25,590)	–	(25,590)
Total comprehensive loss for the period (unaudited)	–	–	–	–	(25,590)	(25,590)	–	(25,590)
Capital contribution from shareholders (unaudited)	602	29,398	–	–	–	30,000	–	30,000
Equity-settled share award arrangements (unaudited)	–	–	1,809	–	–	1,809	–	1,809
At 30 June 2024 (unaudited)	16,928	53,184	5,426	3,701	21,623	100,862	20	100,882

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Six months ended 30 June 2025

Attributable to owners of parent									
						Fair value reserve of financial assets at fair value			
	Paid-in capital /share capital	Capital reserve	Share-based payment reserve	Statutory reserves	comprehensive income	Retained profits	Total	Non- controlling interests	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	30,705	53,185	7,750	8,280	–	91,753	191,673	1,119	192,792
Profit for the period	–	–	–	–	–	5,575	5,575	–	5,575
Other comprehensive loss for the period:									
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	–	(721)	–	(721)	–	(721)
Total comprehensive income for the period	–	–	–	–	(721)	5,575	4,854	–	4,854
Capital contribution from shareholders	31 4,588	95,412	–	–	–	–	100,000	–	100,000
Equity-settled share award arrangements	32 –	–	2,324	–	–	–	2,324	–	2,324
Conversion into a joint stock company	31 59,295	(46,974)	(6,975)	(3,701)	–	(1,645)	–	–	–
At 30 June 2025	<u>94,588</u>	<u>101,623*</u>	<u>3,099*</u>	<u>4,579*</u>	<u>(721*)</u>	<u>95,683*</u>	<u>298,851</u>	<u>1,119</u>	<u>299,970</u>

* These reserve accounts comprise the balances of consolidated reserves of RMB22,781,000, RMB78,317,000, RMB160,968,000 and RMB204,263,000, in the consolidated statements of financial position as at the Relevant Periods, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	6	27,894	31,793	53,820	(32,141)	8,550
Adjustments for:						
Share of losses of associates and joint ventures	17	–	5	151	1	730
Finance costs	7	246	3,043	10,324	4,862	5,493
Impairment losses on trade and bills receivables	6,21	165	1,304	6,589	537	7,021
Impairment losses on contract assets	6,22	–	7	450	66	531
Impairment losses on other receivables	6,23	90	202	314	186	(105)
Write-down of inventories to net realisable value		–	32	(2)	–	102
Depreciation of property and equipment	6,13	104	1,020	6,682	1,676	5,770
Depreciation of right-of-use assets	6,14	12	750	4,409	1,802	2,650
Amortisation of other intangible assets	6,15	–	104	212	104	131
Loss on disposal of property and equipment, net	6	–	–	310	284	1
Equity-settled share award expense	32	–	3,617	4,133	1,809	2,324
		28,511	41,877	87,392	(20,814)	33,198
(Increase)/decrease in inventories		(29,495)	(87,974)	4,686	(181,733)	(180,099)
Increase in pledged bank deposits		(917)	(11,045)	(6,574)	(15,471)	(35,567)
Increase in trade and bills receivables		(39,867)	(125,479)	(361,281)	(25,167)	(439,685)
Increase in contract assets		–	(785)	(41,162)	(5,959)	(47,062)
(Increase)/decrease in prepayments, other receivables and other assets		(20,628)	8,609	(72,155)	(54,238)	(3,939)
Increase in trade and bills payables		20,346	108,562	306,154	90,668	411,798
Increase in other payables and accruals		2,031	6,655	5,623	9,451	30,289
Increase/(decrease) in provisions		183	1,967	1,376	(96)	3,177
Increase/(decrease) in contract liabilities		9,472	(10,687)	82,015	153,775	29,879
Effect of exchange rate changes, net		43	(4)	(33)	11	(89)
Cash (used in)/generated from operations		(30,321)	(68,304)	6,041	(49,573)	(198,100)
Income taxes paid		–	(4,604)	(2,311)	(2,311)	(6,811)
Net cash flows (used in)/from operating activities		(30,321)	(72,908)	3,730	(51,884)	(204,911)

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	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
CASH FLOWS FROM INVESTING					
ACTIVITIES					
Purchases of property, plant and equipment	(4,309)	(28,341)	(66,107)	(25,252)	(53,411)
Purchases of other intangible assets	–	(2,084)	(80)	–	(2,658)
Payments for acquisition of financial assets at fair value through profit or loss	–	(55,002)	(99,908)	(10,770)	–
Proceeds from disposal of financial assets at fair value through profit or loss	–	48,000	17,001	17,000	89,720
Payment for acquisition of financial assets at fair value through other comprehensive income	–	(1,680)	–	–	–
Payments for acquisition of investments in associate and joint venture	–	(50)	(3,000)	–	(1,750)
Loan to third party	(1,600)	(6,747)	(62,306)	(14,400)	(44,231)
Repayment of third party loan	–	1,200	11,700	2,300	88,477
Net cash flows (used in)/from investing activities	(5,909)	(44,704)	(202,700)	(31,122)	76,147

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		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES						
Lease payments	14	(9)	(305)	(8,378)	(5,104)	(23,306)
Repayment of bank and other loans		(2,401)	(81,471)	(179,569)	(96,782)	(169,395)
New bank and other loans		39,256	174,678	385,566	163,383	223,090
Interest paid		(245)	(2,467)	(7,533)	(3,707)	(5,289)
Capital injection from non-controlling interest shareholder		–	–	1,099	–	–
Capital contribution	31	4,599	34,113	43,778	30,000	100,000
Net cash flows from financing activities		41,200	124,548	234,963	87,790	125,100
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at beginning of year/period		2,369	7,296	14,236	14,236	50,262
Effect of foreign exchange rate changes, net		(43)	4	33	(11)	89
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		7,296	14,236	50,262	19,009	46,687
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents	24	7,296	14,236	50,262	19,009	46,687
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statements of financial position		7,296	14,236	50,262	19,009	46,687

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		31 December 2022	31 December 2023	31 December 2024	30 June 2025
	Notes	RMB’000	RMB’000	RMB’000	RMB’000
NON-CURRENT ASSETS					
Property, plant and equipment	13	4,383	20,606	54,634	97,385
Right-of-use assets	14	–	68,573	67,907	35,139
Other intangible assets	15	–	1,980	1,848	4,375
Investments in associate and joint venture	17	–	45	2,894	3,873
Investments in subsidiaries	16	6,010	21,210	22,230	22,230
Equity investments designated at fair value through other comprehensive income	18	–	1,680	1,680	1,680
Prepayments, other receivables and other assets	23	–	9,586	–	10,000
Deferred tax assets	30	–	–	–	3,821
Total non-current assets		10,393	123,680	151,193	178,503
CURRENT ASSETS					
Inventories	20	30,191	112,015	91,140	267,057
Trade and bills receivables	21	37,476	97,046	454,154	886,564
Prepayments, other receivables and other assets	23	14,268	20,033	155,527	87,581
Financial assets at fair value through profit or loss	19	–	7,001	89,909	–
Contract assets	22	–	778	37,093	60,402
Restricted bank deposits	24	260	3,606	18,430	53,785
Cash and cash equivalents	24	677	11,720	31,338	32,858
Total current assets		82,872	252,199	877,591	1,388,247
CURRENT LIABILITIES					
Trade and bills payables	25	20,697	137,995	423,446	809,902
Other payables and accruals	26	5,582	20,385	25,709	40,424
Contract liabilities	27	10,779	92	80,822	110,429
Interest-bearing bank and other borrowings	28	38,234	64,041	249,625	260,423
Lease liabilities	14	–	5,240	67,083	3,878
Tax payable		26	1,108	2,633	439
Provision	29	37	709	1,524	2,023
Total current liabilities		75,355	229,570	850,842	1,227,518

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		31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS		7,517	22,629	26,749	160,729
TOTAL ASSETS LESS CURRENT LIABILITIES		17,910	146,309	177,942	339,232
NON-CURRENT LIABILITIES					
Lease liabilities	14	–	64,220	–	9,870
Long-term payables	26	–	–	407	17,939
Deferred tax liabilities	30	576	445	1,667	1,667
Provision	29	146	912	1,439	3,242
Interest-bearing bank and other borrowings	28	–	–	–	39,000
Total non-current liabilities		722	65,577	3,513	71,718
Net assets		17,188	80,732	174,429	267,514
EQUITY					
Paid-in capital/share capital	31	5,999	16,326	30,705	94,588
Reserves	33	11,189	64,406	143,724	172,926
Total equity		17,188	80,732	174,429	267,514

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company registered in the People’s Republic of China (the “**PRC**”). The registered office of the Company is located at No. 9 Huicheng Road, Chang’an Street, Huishan District, Wuxi, Jiangsu Province.

In March 2025, the Company was converted to a joint stock limited liability company, and a total of 90,000,000 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

During the Relevant Periods, the Company and its subsidiaries were principally engaged in the manufacture and sale of energy storage products and systems, providing EPC (Engineering, Procurement, Construction) services and other services.

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 its principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hubei JiuHong Liangyu Construction Engineering Co., Ltd.* (“ Hubei JiuHong Liangyu ”) (湖北久宏良宇建设工程有限公司) (note (a))	PRC/Mainland China 28 December 2018	RMB50,000,000	100	–	General mechanical equipment installation services
Jiangsu Hanchu Energy Technology Co., Ltd* (“ Jiangsu Hanchu ”) (江苏汉储能源科技有限公司) (note (a))	PRC/Mainland China 25 January 2022	RMB10,000,000	100	–	Trading of energy storage products and systems

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group at the end of each of the Relevant Periods. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

(a) No audited financial statements have been prepared for these subsidiaries during the Relevant Periods, as these subsidiaries were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

* The English names of these subsidiaries registered in the PRC represent the best efforts made by management of the Company to directly translate their Chinese names as they did not register any official English names.

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ACCOUNTANTS’ REPORT

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting periods commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods 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 financial instruments at fair value through profit or loss (“**FVPL**”) and bills receivable which have been measured at fair value.

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.

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 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.

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2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. So far, the Group considers that new and revised HKFRS Accounting Standards are unlikely to have a significant impact on the Group’s results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in associates and joint ventures 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.

The Group’s share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, 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 or joint ventures are eliminated to the extent of the Group’s investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures its financial assets at FVPL and bills receivable 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 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.

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All assets and liabilities for which fair value is measured or disclosed in 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
- 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 reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, contract assets, financial assets and deferred tax assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

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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;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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Depreciation is calculated on a 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 estimated useful lives used for this purpose are as follows:

Buildings	20 years
Machinery and equipment	10 to 20 years
Electronics equipment	3 years
Furniture fixtures and office equipment	5 years
Motor vehicles	4 years
Leasehold improvements	5 years

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 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 profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The 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 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.

Intangible assets with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives as follows:

Purchased software	10 years

Research and development costs

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is recognised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when 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 recognised 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 any 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 based on the estimated useful lives of the assets or the lease terms as follows:

Buildings	20 years
Leasehold land	32 years
Motor vehicles	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment 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 buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is 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.

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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 HKFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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 statement of 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 statement of profit or loss.

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Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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 profit or loss.

This category includes wealth management products.

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 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.

In certain cases, the Group may 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 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
- 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 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 each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as 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.

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The Group’s financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

The Group also recognises the contract fulfilment cost of inventories from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- 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; and the costs are expected to be recovered.

The contract fulfilment cost recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates. The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates less the costs that relate directly to the provision of those services and that have not been recognised as expenses.

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Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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 statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products. 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.

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 each 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 the Relevant Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

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Deferred tax assets are recognised for all deductible temporary differences, 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, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, 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 deducted in reporting the related expense, or recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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(a) Energy storage systems business

Revenue from the energy storage systems business primarily arises from sales of energy storage system products and others, which is recognised at the point in time when control of the products is transferred to the customer, generally being when the products are delivered to the customer upon the international trade terms and the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract.

(b) EPC services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(c) Others

Revenue from others primarily arises from sales of materials is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the material, and also include revenue from operation and maintenance services, which is recognised over the scheduled period on a time proportion basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through 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 the customer pays consideration or before being unconditionally 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.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates two share award schemes, under which the Group granted restricted share to employees and directors. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model further details of which are given in note 32 to the Historical Financial Information.

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The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of Company and the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal governments. Company and the Group’s subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Housing fund

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

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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 specifically stated in the terms of the resolution and approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is 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 financial statements 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 financial periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses (“ECLs”) 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 ageing for groupings of various customers that have similar loss patterns (i.e., by customer type).

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, 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.

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 are disclosed in notes 21 and 22 to the Historical Financial Information, respectively.

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Provision for the warranty

The Group makes a provision for the warranty for the energy storage system business and EPC services 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 and loss in future years. Further details of the provision are set out in note 29 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. 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. The carrying amounts of property and equipment, right-of-use assets, intangible assets and investment in an associate and joint venture as at the end of each of the Relevant Periods are set out in notes 13, 14, 15 and 17 to the Historical Financial Information, respectively.

Estimation of grant date fair value of restricted shares

The Group granted restricted shares to the Group’s directors and employees during the Relevant Periods. The Group has engaged an independent valuer to evaluate the grant date fair value of the restricted shares, which is determined based on the fair value of the Company’s ordinary shares at the grant date of the award. Estimation of the fair value of the Company’s ordinary shares involves significant assumptions, such as risk-free interest rate and volatility, that might not be observable in the market, and it could have significant impact on the share-based payment expenses charged to profit or loss. Further details are included in note 32 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of energy storage system business, EPC services and other services. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

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Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mainland China	39,608	175,687	819,083	65,785	565,192
Europe	102,223	97,134	104,584	20,335	62,978
Africa	–	41,486	99,649	4,503	58,340
Others	–	–	2,297	–	4,860
Total	141,831	314,307	1,025,613	90,623	691,370

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All of the Group’s non-current assets were located in Mainland China during the Relevant Periods and the six months ended 30 June 2024.

Information about major customers

During the Relevant Periods and the six months ended 30 June 2024, revenues from transactions with each of external customers (including entities under common control with those customers) amounting to 10% or more of the Group’s revenues are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	99,885	97,134	*	18,972	*
Customer B	17,246	*	*	*	*
Customer C	*	71,384	*	*	*
Customer D	*	41,486	*	*	*
Customer E	*	*	286,619	*	*
Customer F	*	*	105,370	*	108,691
Customer G	*	*	*	*	288,134
Customer H	*	*	*	31,113	*
Customer I	*	*	*	19,512	*
Customer J	*	*	*	11,667	*

* The revenues from transactions with the customer were less than 10% of the Group’s revenues in the indicated year/period.

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Energy storage systems business	140,735	283,467	1,003,382	70,336	640,201
EPC services	–	30,333	19,512	19,512	49,125
Others	1,096	507	2,719	775	2,044
Total	141,831	314,307	1,025,613	90,623	691,370

Disaggregation of the Group’s revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Transfer over time	–	30,411	20,387	19,793	49,682
Transfer at a point in time	141,831	283,896	1,005,226	70,830	641,688
Total	141,831	314,307	1,025,613	90,623	691,370

The following table shows the amounts of revenue recognised in each of the Relevant Periods and the six months ended 30 June 2024 that were included in the contract liabilities at the beginning of the respective year/period:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Energy storage systems business	–	10,779	92	92	24,416

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Information about the Group’s performance obligations is summarised below:

Energy storage systems business

The performance obligation is satisfied upon the acceptance of the energy storage system products by the customers or upon the international trade terms such as FOB and the payment is generally due within 0 to 180 days from delivery.

EPC services

The performance obligation is satisfied over time as services are rendered. Payment in advance is normally required at the beginning of the service, and progress payment is generally due within 60 to 90 days from the date of billing.

The Group has applied the practical expedient for not to disclose the remaining performance obligations as at the end of each of the Relevant Periods and the six months ended 30 June 2024 because the performance obligations are part of the contracts with original expected duration of one year or less.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<u>Other income</u>					
Interest income	10	153	1,237	212	224
Investment income from financial investments at fair value through profit or loss	–	16	5	4	20
Government grants	761	8	4,226	283	1,520
Penalty and deposit income	–	2,497	–	–	51
Extra deduction of value-added-tax	1	1,720	7,587	3,637	3,428
Others	392	1,698	244	2	26
Total other income	1,164	6,092	13,299	4,138	5,269
<u>Gains</u>					
Foreign exchange differences, net	2,299	2,959	1,329	442	9,811
Total	3,463	9,051	14,628	4,580	15,080

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6. PROFIT/(LOSS) BEFORE TAX

The Group’s profit/(loss) before tax is arrived at after charging/(crediting):

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
					<i>(unaudited)</i>	
Cost of products sold		106,211	207,045	855,399	63,895	565,475
Cost of services provided		–	23,264	15,207	14,909	39,632
Depreciation of property and equipment*	13	104	1,020	6,682	1,676	5,770
Depreciation of right-of-use assets*	14	12	750	4,409	1,802	2,650
Amortisation of other intangible assets*	15	–	104	212	104	131
Lease payments not included in the measurement of lease liabilities*	14	1,557	2,398	688	153	593
[REDACTED] expense		–	–	–	–	12,270
Research and development expenses		3,787	16,811	31,578	12,303	16,657
Employee benefit expense (excluding directors’ and chief executive’s remuneration (<i>note 8</i>)):						
Wages and salaries		5,855	24,214	43,164	18,756	24,769
Pension scheme contributions (defined contribution scheme)		348	1,316	2,744	1,258	1,545
Equity-settled share award expense*		–	1,749	2,265	875	919
Termination benefits		–	–	181	56	75
Total		6,203	27,279	48,354	20,945	27,308
Impairment losses on financial and contract assets, net:						
Trade and bills receivables	21	165	1,304	6,589	537	7,021
Contract assets	22	–	7	450	66	531
Other receivables	23	90	202	314	186	(105)
Total		255	1,513	7,353	789	7,447
Write-down/(write-back) of inventories to net realisable value	20	–	32	(2)	–	102
Loss on disposal of property and equipment		–	–	310	284	1

* These items are included in “Cost of sales”, “Administrative expenses”, “Selling and marketing expenses” and “Research and development expenses” in the consolidated statements of profit or loss and other comprehensive income.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank loans	214	1,717	8,003	3,707	5,265
Interest on other borrowings	31	930	–	–	24
Interest on lease liabilities (note 14)	1	396	2,321	1,155	204
Total	246	3,043	10,324	4,862	5,493

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The remuneration of the Company’s directors (including the chief executive) during the Relevant Periods and the six months ended 30 June 2024 is summarised as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	620	1,140	1,140	570	2,032
Performance related bonuses	414	600	95	48	207
Equity-settled share award expense	–	1,868	1,868	934	1,225
Pension scheme contributions	13	16	28	14	43
Subtotal	1,047	3,624	3,131	1,566	3,507
Total fees and other emoluments	1,047	3,624	3,131	1,566	3,507

During the Relevant Periods and the six months ended 30 June 2024, certain directors were granted restricted shares, in respect of their services to the Group, under the share based schemes of the Group, further details of which are set out in note 32 to the Historical Financial Information. The fair value of such restricted 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 Relevant Periods and the six months ended 30 June 2024 is included in the above directors’ and chief executive’s remuneration disclosures.

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The remuneration of each of the Company’s directors and chief executive is set out below:

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance related bonuses</u>	<u>Equity- settled share award expense</u>	<u>Pension scheme contributions</u>	<u>Total remuneration</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
2022						
Mr. Feng Lizheng*	–	295	138	–	–	433
Mr. Liu Ziyue**	–	295	138	–	13	446
Mr. Zhang Xi***	–	30	138	–	–	168
Total	–	620	414	–	13	1,047
	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance related bonuses</u>	<u>Equity- settled share award expense</u>	<u>Pension scheme contributions</u>	<u>Total remuneration</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
2023						
Mr. Feng Lizheng	–	600	300	12	11	923
Mr. Zhang Xi	–	540	300	1,856	5	2,701
Total	–	1,140	600	1,868	16	3,624
	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance related bonuses</u>	<u>Equity- settled share award expense</u>	<u>Pension scheme contributions</u>	<u>Total remuneration</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
2024						
Mr. Feng Lizheng	–	600	50	12	19	681
Mr. Zhang Xi	–	540	45	1,856	9	2,450
Total	–	1,140	95	1,868	28	3,131

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	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity- settled share award expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2024 (unaudited)						
Mr. Feng Lizheng	–	300	25	6	10	341
Mr. Zhang Xi	–	270	23	928	4	1,225
Total	–	570	48	934	14	1,566
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity- settled share award expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2025						
Mr. Feng Lizheng	–	600	50	6	10	666
Mr. Zhang Xi	–	540	45	928	5	1,518
Mr. Liu Ziyue	–	360	45	–	6	411
Mr. Zhu Shuaishuai****	–	160	20	77	6	263
Mr. Bai Yang****	–	240	30	179	13	462
Mr. Wang Zhenlin****	–	132	17	35	3	187
Total	–	2,032	207	1,225	43	3,507

There was no arrangement under which a director or chief executive of the Company waived or agreed to waive any remuneration and no remuneration was paid by the Group to a director or chief executive of the Company as an inducement to join or upon joining the Group during the Relevant Periods and the six months ended 30 June 2024.

* Mr. Feng Lizheng was appointed as director in December 2022.

** Mr. Liu Ziyue was the chief executive officer of the Company and resigned in December 2022, and appointed as director in March 2025.

*** Mr. Zhang Xi was appointed as the chief executive officer in December 2022.

**** Mr. Zhu Shuaishuai, Mr. Bai Yang and Mr. Wang Zhenlin were appointed as director in March 2025.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2024 included two, two, two, two and four directors, respectively, details of whose remuneration is set out in note 8 above. Details of the remuneration of the remaining three, three, three, three and one highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the six months ended 30 June 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Salaries, allowances and benefits in kind	1,100	1,898	2,222	1,132	242
Performance related bonuses	518	864	140	70	23
Equity-settled share award expense	–	952	952	476	–
Pension scheme contributions	27	34	67	34	5
Total	1,645	3,748	3,381	1,712	270

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Nil to HKD500,000	2	–	–	1	1
HKD500,001 to HKD1,000,000	1	1	1	2	–
HKD1,000,001 to HKD1,500,000	–	–	2	–	–
HKD1,500,001 to HKD2,000,000	–	2	–	–	–
Total	3	3	3	3	1

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10. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax (“CIT”) at a rate of 25% on the taxable income. The Company obtained the Certificate of High and New Technology Enterprise on 23 December 2021 with a validity period of three years, and reapplied for the Certificate of High and New Technology Enterprise on 19 November 2024 with a validity period of three years. Accordingly, the Company was entitled to a preferential tax rate of 15% during the Relevant Periods and six months ended 30 June 2024. In addition, the Group’s certain subsidiaries operating in Mainland China were entitled to a preferential tax rate of 5% for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 because they were regarded as “small-scaled minimal profit enterprises” with taxable income no more than RMB3,000,000.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Current:	3,070	4,095	5,683	935	6,627
Deferred (note 30)	547	(450)	(982)	(7,486)	(3,652)
Total tax charge for the year/period	3,617	3,645	4,701	(6,551)	2,975

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Profit/(loss) before tax	27,894	31,793	53,820	(32,141)	8,550
Tax at the statutory tax rate of 25%	6,973	7,948	13,455	(8,035)	2,138
Effect of different tax rates	(1,822)	(2,677)	(4,882)	2,848	2,347
Losses attributable to associates and joint ventures	–	1	23	–	109
Expenses not deductible for tax	154	619	423	363	637
Tax losses utilised from previous periods	(113)	(23)	–	–	(6)
Tax losses not recognised	11	–	23	37	15
Additional deductible allowance for depreciation	(855)	–	–	–	–
Additional deductible allowance for research and development expenses	(731)	(2,223)	(4,341)	(1,764)	(2,265)
Tax charge at the Group’s effective rate	3,617	3,645	4,701	(6,551)	2,975

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

		Machinery and equipment	Electronics equipment	Furniture fixtures and office equipment	Motor vehicles	Construction in progress	Leasehold improvements	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022								
At 1 January 2022:								
Cost		-	-	-	242	-	-	242
Accumulated depreciation		-	-	-	(29)	-	-	(29)
Net carrying amount		-	-	-	213	-	-	213
At 1 January 2022, net of accumulated depreciation								
At 1 January 2022, net of accumulated depreciation		-	-	-	213	-	-	213
Additions		3,940	216	144	9	-	-	4,309
Depreciation provided during the year	6	(33)	(10)	(4)	(57)	-	-	(104)
At 31 December 2022, net of accumulated depreciation		3,907	206	140	165	-	-	4,418
At 31 December 2022:								
Cost		3,940	216	144	251	-	-	4,551
Accumulated depreciation		(33)	(10)	(4)	(86)	-	-	(133)
Net carrying amount		3,907	206	140	165	-	-	4,418

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			Furniture fixtures and office equipment	Motor vehicles	Construction in progress	Leasehold improvements	Total
	Note	Machinery and equipment	Electronics equipment				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost		3,940	216	144	251	–	4,551
Accumulated depreciation		(33)	(10)	(4)	(86)	–	(133)
Net carrying amount		<u>3,907</u>	<u>206</u>	<u>140</u>	<u>165</u>	<u>–</u>	<u>4,418</u>
At 1 January 2023, net of accumulated depreciation							
		3,907	206	140	165	–	4,418
Additions		2,995	1,336	1,020	2,128	12,297	19,776
Transfers		1,769	–	–	–	(1,769)	–
Depreciation provided during the year	6	<u>(432)</u>	<u>(216)</u>	<u>(108)</u>	<u>(264)</u>	<u>–</u>	<u>(1,020)</u>
At 31 December 2023, net of accumulated depreciation							
		<u>8,239</u>	<u>1,326</u>	<u>1,052</u>	<u>2,029</u>	<u>10,528</u>	<u>23,174</u>
At 31 December 2023:							
Cost		8,704	1,552	1,164	2,379	10,528	24,327
Accumulated depreciation		<u>(465)</u>	<u>(226)</u>	<u>(112)</u>	<u>(350)</u>	<u>–</u>	<u>(1,153)</u>
Net carrying amount		<u>8,239</u>	<u>1,326</u>	<u>1,052</u>	<u>2,029</u>	<u>10,528</u>	<u>23,174</u>

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		Machinery and equipment	Electronics equipment	Furniture fixtures and office equipment	Motor vehicles	Construction in progress	Leasehold improvements	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024:								
Cost		8,704	1,552	1,164	2,379	10,528	–	24,327
Accumulated depreciation		(465)	(226)	(112)	(350)	–	–	(1,153)
Net carrying amount		8,239	1,326	1,052	2,029	10,528	–	23,174
At 1 January 2024, net of accumulated depreciation								
		8,239	1,326	1,052	2,029	10,528	–	23,174
Additions		5,266	1,228	2,921	2,225	64,073	471	76,184
Transfers		18,905	44	4,218	–	(39,583)	16,416	–
Government grants		–	–	–	–	–	(2,113)	(2,113)
Disposals		(276)	(1)	(33)	–	–	–	(310)
Depreciation provided during the year	6	(2,133)	(783)	(656)	(909)	–	(2,201)	(6,682)
At 31 December 2024, net of accumulated depreciation								
		30,001	1,814	7,502	3,345	35,018	12,573	90,253
At 31 December 2024:								
Cost		32,599	2,823	8,270	4,604	35,018	14,774	98,088
Accumulated depreciation		(2,598)	(1,009)	(768)	(1,259)	–	(2,201)	(7,835)
Net carrying amount		30,001	1,814	7,502	3,345	35,018	12,573	90,253

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		Machinery and equipment	Electronics equipment	Furniture fixtures and office equipment	Motor vehicles	Buildings	Construction in progress	Leasehold improvements	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2025									
At 1 January 2025:									
Cost		32,599	2,823	8,270	4,604	–	35,018	14,774	98,088
Accumulated depreciation		(2,598)	(1,009)	(768)	(1,259)	–	–	(2,201)	(7,835)
Net carrying amount		<u>30,001</u>	<u>1,814</u>	<u>7,502</u>	<u>3,345</u>	<u>–</u>	<u>35,018</u>	<u>12,573</u>	<u>90,253</u>
At 1 January 2025, net of accumulated depreciation									
Additions		843	233	13	330	–	6,160	–	7,579
Transfers		38,335	–	–	–	45,832	(38,458)	123	45,832
Disposals		(4)	(4)	–	(22)	–	–	–	(30)
Depreciation provided during the period	6	(1,550)	(452)	(785)	(544)	(751)	–	(1,688)	(5,770)
At 30 June 2025, net of accumulated depreciation		<u>67,625</u>	<u>1,591</u>	<u>6,730</u>	<u>3,109</u>	<u>45,081</u>	<u>2,720</u>	<u>11,008</u>	<u>137,864</u>
At 30 June 2025:									
Cost		71,773	3,052	8,283	4,912	45,832	2,720	14,897	151,469
Accumulated depreciation		(4,148)	(1,461)	(1,553)	(1,803)	(751)	–	(3,889)	(13,605)
Net carrying amount		<u>67,625</u>	<u>1,591</u>	<u>6,730</u>	<u>3,109</u>	<u>45,081</u>	<u>2,720</u>	<u>11,008</u>	<u>137,864</u>

Certain of the Group's property, plant and equipment with net carrying amounts of approximately nil, nil, RMB32,711,000 and RMB63,796,000 were pledged to secure certain long-term payables of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. For further details, please refer to note 26.

During the Relevant Periods, there was no impairment provided for the Group's property, plant and equipment.

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The Company

	Machinery and equipment	Electronics equipment	Furniture fixtures and office equipment	Motor vehicles	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2022					
At 1 January 2022:					
Cost	–	–	–	242	242
Accumulated depreciation	–	–	–	(29)	(29)
Net carrying amount	–	–	–	213	213
At 1 January 2022, net of accumulated depreciation	–	–	–	213	213
Additions	3,940	216	118	–	4,274
Depreciation provided during the year	(33)	(10)	(4)	(57)	(104)
At 31 December 2022, net of accumulated depreciation	3,907	206	114	156	4,383
At 31 December 2022:					
Cost	3,940	216	118	242	4,516
Accumulated depreciation	(33)	(10)	(4)	(86)	(133)
Net carrying amount	3,907	206	114	156	4,383

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	Machinery and equipment	Electronics equipment	Furniture fixtures and office equipment	Motor vehicles	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>
31 December 2023						
At 1 January 2023:						
Cost	3,940	216	118	242	–	4,516
Accumulated depreciation	(33)	(10)	(4)	(86)	–	(133)
Net carrying amount	<u>3,907</u>	<u>206</u>	<u>114</u>	<u>156</u>	<u>–</u>	<u>4,383</u>
At 1 January 2023, net of accumulated depreciation	3,907	206	114	156	–	4,383
Additions	2,988	1,288	918	1,098	10,878	17,170
Transfers	350	–	–	–	(350)	–
Disposals	–	(73)	–	–	–	(73)
Depreciation provided during the year	(425)	(211)	(85)	(153)	–	(874)
At 31 December 2023, net of accumulated depreciation	<u>6,820</u>	<u>1,210</u>	<u>947</u>	<u>1,101</u>	<u>10,528</u>	<u>20,606</u>
At 31 December 2023:						
Cost	7,278	1,420	1,036	1,340	10,528	21,602
Accumulated depreciation	(458)	(210)	(89)	(239)	–	(996)
Net carrying amount	<u>6,820</u>	<u>1,210</u>	<u>947</u>	<u>1,101</u>	<u>10,528</u>	<u>20,606</u>

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	Machinery and equipment	Electronics equipment	Furniture fixtures and office equipment	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	7,278	1,420	1,036	1,340	10,528	–	21,602
Accumulated depreciation	(458)	(210)	(89)	(239)	–	–	(996)
Net carrying amount	<u>6,820</u>	<u>1,210</u>	<u>947</u>	<u>1,101</u>	<u>10,528</u>	<u>–</u>	<u>20,606</u>
At 1 January 2024, net of accumulated depreciation	6,820	1,210	947	1,101	10,528	–	20,606
Additions	5,266	1,152	2,815	2,225	30,781	471	42,710
Transfers	18,905	44	4,218	–	(39,583)	16,416	–
Government grants	–	–	–	–	–	(2,113)	(2,113)
Disposals	(276)	(8)	(33)	–	–	–	(317)
Depreciation provided during the year	<u>(2,044)</u>	<u>(718)</u>	<u>(624)</u>	<u>(665)</u>	<u>–</u>	<u>(2,201)</u>	<u>(6,252)</u>
At 31 December 2024, net of accumulated depreciation	<u>28,671</u>	<u>1,680</u>	<u>7,323</u>	<u>2,661</u>	<u>1,726</u>	<u>12,573</u>	<u>54,634</u>
At 31 December 2024:							
Cost	31,173	2,608	8,036	3,565	1,726	14,774	61,882
Accumulated depreciation	<u>(2,502)</u>	<u>(928)</u>	<u>(713)</u>	<u>(904)</u>	<u>–</u>	<u>(2,201)</u>	<u>(7,248)</u>
Net carrying amount	<u>28,671</u>	<u>1,680</u>	<u>7,323</u>	<u>2,661</u>	<u>1,726</u>	<u>12,573</u>	<u>54,634</u>

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	Machinery and equipment	Electronics equipment	Furniture fixtures and office equipment	Motor vehicles	Buildings	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2025								
At 1 January 2025:								
Cost	31,173	2,608	8,036	3,565	–	1,726	14,774	61,882
Accumulated depreciation	(2,502)	(928)	(713)	(904)	–	–	(2,201)	(7,248)
Net carrying amount	<u>28,671</u>	<u>1,680</u>	<u>7,323</u>	<u>2,661</u>	<u>–</u>	<u>1,726</u>	<u>12,573</u>	<u>54,634</u>
At 1 January 2025, net of accumulated depreciation	28,671	1,680	7,323	2,661	–	1,726	12,573	54,634
Additions	843	233	7	330	–	1,074	–	2,487
Transfers	22	–	–	–	45,832	(145)	123	45,832
Disposals	(4)	(4)	–	(10)	–	–	–	(18)
Depreciation provided during the period	<u>(1,502)</u>	<u>(416)</u>	<u>(764)</u>	<u>(429)</u>	<u>(751)</u>	<u>–</u>	<u>(1,688)</u>	<u>(5,550)</u>
At 30 June 2025, net of accumulated depreciation	<u>28,030</u>	<u>1,493</u>	<u>6,566</u>	<u>2,552</u>	<u>45,081</u>	<u>2,655</u>	<u>11,008</u>	<u>97,385</u>
At 30 June 2025:								
Cost	32,034	2,837	8,043	3,885	45,832	2,655	14,897	110,183
Accumulated depreciation	<u>(4,004)</u>	<u>(1,344)</u>	<u>(1,477)</u>	<u>(1,333)</u>	<u>(751)</u>	<u>–</u>	<u>(3,889)</u>	<u>(12,798)</u>
Net carrying amount	<u>28,030</u>	<u>1,493</u>	<u>6,566</u>	<u>2,552</u>	<u>45,081</u>	<u>2,655</u>	<u>11,008</u>	<u>97,385</u>

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14. LEASES

The Group as a lessee

The Group has certain lease contracts for buildings for its plant and motor vehicles used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB’000	RMB’000	RMB’000	RMB’000
Carrying amount at beginning of year/period				
Buildings	–	–	50,073	49,646
Leasehold land	–	–	19,545	18,926
Motor vehicles	–	420	276	132
Subtotal	–	420	69,894	68,704
Additions				
Buildings	–	50,576	3,219	16,301
Leasehold land	–	19,648	–	–
Motor vehicles	432	–	–	–
Subtotal	432	70,224	3,219	16,301
Depreciation charges				
Buildings	–	503	3,646	2,273
Leasehold land	–	103	619	305
Motor vehicles	12	144	144	72
Subtotal	12	750	4,409	2,650
Termination and change of lease				
Buildings	–	–	–	46,474
Leasehold land	–	–	–	306
Subtotal	–	–	–	46,780
Carrying amount at end of year/period				
Buildings	–	50,073	49,646	17,200
Leasehold land	–	19,545	18,926	18,315
Motor vehicles	420	276	132	60
Total	420	69,894	68,704	35,575

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(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	–	294	70,609	67,771
New leases	302	70,224	3,219	16,301
Accretion of interest recognised during the year/period (note 7)	1	396	2,321	204
Termination and change of lease	–	–	–	(46,772)
Payments	(9)	(305)	(8,378)	(23,306)
Carrying amount at end of year/period	294	70,609	67,771	14,198
	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Current portion	97	5,702	67,566	4,246
Non-current portion	197	64,907	205	9,952
Total	294	70,609	67,771	14,198

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

(c) The amounts in relation to leases charged to profit or loss are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on lease liabilities (note 7)	1	396	2,321	1,155	204
Depreciation charge of right-of-use assets (note 6)	12	750	4,409	1,802	2,650
Expense relating to short-term leases included in cost of sales, research and development expenses, selling and marketing expenses and administrative expenses (note 6)	1,557	2,398	688	153	593
Total amount recognised in profit or loss	1,570	3,544	7,418	3,110	3,447

(d) The total cash outflow for leases is disclosed in note 34(c) to the Historical Financial Information.

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The Company as a lessee

The Company has certain lease contracts for buildings for its plant. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company.

(a) *Right-of-use assets*

The carrying amounts of the Company’s right-of-use assets and the movements during the Relevant Periods are as follows:

	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at beginning of year/period			
Buildings	–	49,028	48,981
Leasehold land	–	19,545	18,926
Subtotal	–	68,573	67,907
Additions			
Buildings	49,436	3,219	16,301
Leasehold land	19,648	–	–
Subtotal	69,084	3,219	16,301
Depreciation charges			
Buildings	408	3,266	2,097
Leasehold land	103	619	305
Subtotal	511	3,885	2,402
Termination of leases			
Buildings	–	–	46,361
Leasehold land	–	–	306
Subtotal	–	–	46,667
Carrying amount at end of year/period			
Buildings	49,028	48,981	16,824
Leasehold land	19,545	18,926	18,315
Total	68,573	67,907	35,139

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(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at beginning of year/period	–	69,460	67,083
New leases	69,084	3,219	16,301
Accretion of interest recognised during the year/period	376	2,283	194
Termination of leases	–	–	(46,659)
Payments	–	(7,879)	(23,171)
	<u>–</u>	<u>(7,879)</u>	<u>(23,171)</u>
Carrying amount at end of year/period	<u>69,460</u>	<u>67,083</u>	<u>13,748</u>
	<u>31 December 2023</u>	<u>31 December 2024</u>	<u>30 June 2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysed into:			
Current portion	5,240	67,083	3,878
Non-current portion	64,220	–	9,870
	<u>64,220</u>	<u>–</u>	<u>9,870</u>
Total	<u>69,460</u>	<u>67,083</u>	<u>13,748</u>

(c) *The amounts in relation to leases charged to profit or loss are as follows:*

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Interest on lease liabilities	–	376	2,283	1,133	194
Depreciation charge of right-of-use assets	–	511	3,885	1,540	2,402
Expense relating to short-term leases included in cost of sales, research and development expenses, selling expenses and administrative expenses	1,557	2,043	658	124	552
	<u>1,557</u>	<u>2,043</u>	<u>658</u>	<u>124</u>	<u>552</u>
Total amount recognised in profit or loss	<u>1,557</u>	<u>2,930</u>	<u>6,826</u>	<u>2,797</u>	<u>3,148</u>

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15. OTHER INTANGIBLE ASSETS

The Group and the Company

	Purchased software
	<i>RMB’000</i>
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	–
Additions	2,084
Amortisation provided during the year (<i>note 6</i>)	(104)
At 31 December 2023	1,980
At 31 December 2023:	
Cost	2,084
Accumulated amortisation	(104)
Net carrying amount	1,980
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	1,980
Additions	80
Amortisation provided during the year (<i>note 6</i>)	(212)
At 31 December 2024	1,848
At 31 December 2024:	
Cost	2,164
Accumulated amortisation	(316)
Net carrying amount	1,848
30 June 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,848
Additions	2,658
Amortisation provided during the period (<i>note 6</i>)	(131)
At 30 June 2025	4,375
At 30 June 2025:	
Cost	4,822
Accumulated amortisation	(447)
Net carrying amount	4,375

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16. INVESTMENTS IN SUBSIDIARIES

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments, at cost	6,010	21,210	22,230	22,230

Details of the subsidiaries of the Company are disclosed in note 1 CORPORATE INFORMATION.

17. INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

The Group and the Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets of an associate	–	45	44	1,599
Share of net assets of a joint venture	–	–	2,850	2,274
Carrying amount	–	45	2,894	3,873

Particulars of the associate is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Hebei Keliyuan Hybrid Energy Storage Technology Co., Ltd.	Ordinary shares	PRC/Mainland China	35%	Energy storage product development

Particulars of the joint venture is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Guangxi Jinneng Energy Investment Co., Ltd.	Ordinary shares	PRC/Mainland China	34%	Energy storage product development

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The following table illustrates the aggregate financial information of the Group’s associates and joint ventures that are not individually material:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Share of the losses of associate and joint venture for the year	–	(5)	(151)	(1)	(730)
Aggregate carrying amount of the Group’s investments in associate and joint venture	–	45	2,894	44	3,873

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB’000	RMB’000	RMB’000	RMB’000
Unlisted equity investments, at fair value	–	1,680	1,680	1,680

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB’000	RMB’000	RMB’000	RMB’000
Wealth management products	–	7,002	89,909	–

The wealth management products issued by banks in Mainland China 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.

The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB’000	RMB’000	RMB’000	RMB’000
Wealth management products	–	7,001	89,909	–

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20. INVENTORIES

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	24,680	51,238	64,357	107,042
Work in progress	191	26,136	7,883	16,506
Finished goods	7,499	42,938	43,388	172,118
Total	<u>32,370</u>	<u>120,312</u>	<u>115,628</u>	<u>295,666</u>

The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	22,692	51,238	64,328	98,011
Work in progress	–	26,136	7,099	16,335
Finished goods	7,499	34,641	19,713	152,711
Total	<u>30,191</u>	<u>112,015</u>	<u>91,140</u>	<u>267,057</u>

21. TRADE AND BILLS RECEIVABLES

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	41,535	163,441	514,039	859,959
Impairment	(392)	(1,696)	(8,285)	(15,306)
	<u>41,143</u>	<u>161,745</u>	<u>505,754</u>	<u>844,653</u>
Bills receivable	447	4,020	14,703	107,629
Net carrying amount	<u>41,590</u>	<u>165,765</u>	<u>520,457</u>	<u>952,282</u>

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The Group’s trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control system to minimise credit risk. Overdue balances are reviewed regularly by senior management. Account receivables are settled in accordance with the terms of the respective contracts. Notwithstanding that the Group has concentration of credit risk as further detailed in note 39 to the Historical Financial Information, the director of the Company is of the view that there has been no significant increase in credit risk of default because the amounts are from customers with good repayment history. 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 neither past due nor impaired.

An ageing analysis of trade receivables as at the end of each of the Relevant Periods, based on the due date set out in the contracts and net of loss allowance, is as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	40,380	161,745	475,661	816,779
1 to 2 years	755	–	30,093	27,874
2 to 3 years	8	–	–	–
Total	<u>41,143</u>	<u>161,745</u>	<u>505,754</u>	<u>844,653</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year/period	227	392	1,696	8,285
Impairment loss, net (<i>note 6</i>)	<u>165</u>	<u>1,304</u>	<u>6,589</u>	<u>7,021</u>
At end of year/period	<u>392</u>	<u>1,696</u>	<u>8,285</u>	<u>15,306</u>

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing 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 end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity. In addition, when there exists an indicator of significant increase in credit risk in relation to a particular debtor, an impairment analysis is performed in respect of the corresponding outstanding receivable balance on an individual debtor basis.

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Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

As at 31 December 2022

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.73%	–	11.07%	20.00%	0.94%
Gross carrying amount (<i>RMB’000</i>)	40,676	–	849	10	41,535
Expected credit losses (<i>RMB’000</i>)	296	–	94	2	392

As at 31 December 2023

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.96%	2.58%	–	–	1.04%
Gross carrying amount (<i>RMB’000</i>)	155,817	7,624	–	–	163,441
Expected credit losses (<i>RMB’000</i>)	1,499	197	–	–	1,696

As at 31 December 2024

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.83%	2.78%	10.23%	–	1.61%
Gross carrying amount (<i>RMB’000</i>)	435,829	44,686	33,524	–	514,039
Expected credit losses (<i>RMB’000</i>)	3,612	1,242	3,431	–	8,285

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As at 30 June 2025

	Ageing				Total
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	
Collectively assessed:					
Expected credit loss rate	0.94%	4.18%	12.96%	–	1.78%
Gross carrying amount (<i>RMB’000</i>)	723,242	104,693	32,024	–	859,959
Expected credit losses (<i>RMB’000</i>)	6,784	4,372	4,150	–	15,306

The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables	37,144	93,623	443,759	785,342
Impairment	(115)	(597)	(4,308)	(11,268)
	37,029	93,026	439,451	774,074
Bills receivable	447	4,020	14,703	112,490
Net carrying amount	37,476	97,046	454,154	886,564

The Company’s bills receivables were all aged within six months and were neither past due nor impaired.

The movements in the loss allowance for impairment of accounts receivable are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year/period	227	115	597	4,308
Impairment loss, net	(112)	482	3,711	6,960
At end of year/period	115	597	4,308	11,268

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Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

As at 31 December 2022

	Ageing				Total
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	
Collectively assessed:					
Expected credit loss rate	0.05%	–	11.07%	20.00%	0.31%
Gross carrying amount (RMB’000)	36,285	–	849	10	37,144
Expected credit losses (RMB’000)	19	–	94	2	115

As at 31 December 2023

	Ageing				Total
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	
Collectively assessed:					
Expected credit loss rate	0.64%	0.00%	–	–	0.64%
Gross carrying amount (RMB’000)	93,610	13	–	–	93,623
Expected credit losses (RMB’000)	597	–	–	–	597

As at 31 December 2024

	Ageing				Total
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	
Collectively assessed:					
Expected credit loss rate	0.67%	2.43%	10.64%	–	0.97%
Gross carrying amount (RMB’000)	421,090	11,195	11,474	–	443,759
Expected credit losses (RMB’000)	2,815	272	1,221	–	4,308

As at 30 June 2025

	Ageing				Total
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	
Collectively assessed:					
Expected credit loss rate	0.84%	2.53%	8.34%	–	1.43%
Gross carrying amount (RMB’000)	609,528	146,421	29,393	–	785,342
Expected credit losses (RMB’000)	5,117	3,700	2,451	–	11,268

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22. CONTRACT ASSETS

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from energy storage systems business	–	785	40,267	66,031
Contract assets arising from EPC services	–	–	1,680	22,978
Impairment	–	(7)	(457)	(988)
Net carrying amount	–	778	41,490	88,021

Contract assets are initially recognised for revenue earned from the provision of energy storage systems business and EPC services as the receipt of consideration is conditional on successful completion of the warranty conditions. Included in contract assets for the provision of sales of certain products and EPC services are retention receivables. Upon completion of warranty conditions and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The Group’s trading terms and credit policy with customers are disclosed in note 21 to the Historical Financial Information.

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods is as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	–	–	4,145	26,512
After one year	–	778	37,345	61,509
Total contract assets	–	778	41,490	88,021

The movements in the loss allowance for impairment of contract assets are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	–	–	7	457
Impairment loss (note 6)	–	7	450	531
At end of year/period	–	7	457	988

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets 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 of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type). 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.

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Set out below is the information about the credit risk exposure on the Group’s contract assets using a provision matrix:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Expected credit loss rate	–	0.89%	1.09%	1.11%
Gross carrying amount (<i>RMB’000</i>)	–	785	41,947	89,009
Expected credit losses (<i>RMB’000</i>)	–	7	457	988

The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Contract assets arising from energy storage systems business	–	785	37,502	61,080
Impairment	–	(7)	(409)	(678)
Net carrying amount	–	778	37,093	60,402

The expected timing of recovery or settlement for contract assets as at end of each of the Relevant Periods is as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year	–	–	3,874	6,180
After one year	–	778	33,219	54,222
Total contract assets	–	778	37,093	60,402

The movements in the loss allowance for impairment of contract assets are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year/period	–	–	7	409
Impairment loss	–	7	402	269
At end of year/period	–	7	409	678

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Set out below is the information about the credit risk exposure on the Company’s contract assets using a provision matrix:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Expected credit loss rate	–	0.89%	1.09%	1.11%
Gross carrying amount (<i>RMB’000</i>)	–	785	37,502	61,080
Expected credit losses (<i>RMB’000</i>)	–	7	409	678

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current:				
Prepayments	14,368	6,704	62,613	41,882
Value-added-tax recoverable	1,464	4,096	10,918	22,377
Deposits (a)	129	838	3,288	8,205
Loans to third parties (a)	1,600	7,147	57,753	15,806
Staff advance (a)	160	50	242	2,235
Other receivables and other assets (a)	6,966	2,790	9,572	4,266
Subtotal-current	24,687	21,625	144,386	94,771
Impairment	(90)	(292)	(606)	(501)
Total-current	24,597	21,333	143,780	94,270
Non-current:				
Warranty receivables	–	–	–	10,000
Advance payments for property plant and equipment	–	9,586	–	–
Total-Non-current	–	9,586	–	10,000
Total	24,597	30,919	143,780	104,270

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The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current:				
Prepayments	11,886	2,019	59,120	50,629
Value-added-tax recoverable	–	3,173	–	10,158
Deposits (a)	129	722	2,872	8,094
Loan to third parties (a)	1,600	7,147	47,574	8,641
Due to subsidiaries (a)	563	7,061	39,452	5,551
Staff advance (a)	140	50	242	1,125
Other receivables and other assets (a)	40	125	6,734	3,553
Subtotal – current	14,358	20,297	155,994	87,751
Impairment	(90)	(264)	(467)	(170)
Total – current	14,268	20,033	155,527	87,581
Non-current:				
Warranty receivables	–	–	–	10,000
Advance payments for property, plant and equipment	–	9,586	–	–
Total – Non-current	–	9,586	–	10,000
Total	14,268	29,619	155,527	97,581

- (a) The financial assets included in the above balances mainly relate to loans, deposits and other receivables. In calculating the expected credit loss rate, the Group and the Company consider 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.

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24. CASH AND CASH EQUIVALENTS

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	8,257	26,242	68,842	100,834
Less:				
Restricted bank deposits	961	12,006	18,580	54,147
Cash and cash equivalents	7,296	14,236	50,262	46,687
Denominated in RMB	4,573	26,191	60,510	94,628
Denominated in United States Dollar (“USD”)	–	–	4,073	5,224
Denominated in Great Britain Pound (“GBP”)	3,684	51	4,259	6
Denominated in European Dollar (“EUR”)	–	–	–	976
	8,257	26,242	68,842	100,834

Certain of the restricted bank deposits are the security deposits for bank bills payable, and guarantee letters related to sales contracts. Certain of the deposits were restricted due to transaction dispute as at 31 December 2022.

At the end of each of the Relevant Periods, the Group’s cash and cash equivalents and restricted bank deposits denominated in RMB amounted to RMB4,573,000, RMB26,191,000, RMB60,510,000 and RMB94,628,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, 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. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

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The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	937	15,326	49,768	86,643
Less:				
Restricted bank deposits	260	3,606	18,430	53,785
Cash and cash equivalents	677	11,720	31,338	32,858

25. TRADE AND BILLS PAYABLES

The Group

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the date of service received/good purchased, is as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	21,818	132,641	435,533	828,399
1 to 2 years	2,404	143	3,354	22,205
Over 2 years	–	–	51	132
Total	24,222	132,784	438,938	850,736

The trade and bills payables are non-interest-bearing and are normally settled of not more than 3–6 months.

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The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	17,934	135,711	421,105	790,927
1 to 2 years	–	102	209	18,965
Over 2 years	2,763	2,182	2,132	10
Total	20,697	137,995	423,446	809,902

26. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	31 December 2022	31 December 2023	31 December 2024	30 June 2025
		RMB'000	RMB'000	RMB'000	RMB'000
Current					
Other taxes payable		353	416	2,820	3,237
Payroll and welfare payables		3,017	6,365	6,382	6,489
Other payables	(a)	2,202	6,467	8,047	9,108
Current portion of long-term payables	(b)	–	–	3,647	13,550
Subtotal		5,572	13,248	20,896	32,384
Non-current					
Long-term payables	(b)	–	–	16,893	34,786
Total		5,572	13,248	37,789	67,170

Notes:

- (a) The other payables are non-interest-bearing and have an average term of three months.
- (b) The long-term payables are due to equipment sale and leaseback financing and motor vehicle financing with pledge of related assets. The long-term payables are charged interest with effective rates from 4.60% to 6.08% per annum.

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The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current				
Other taxes payable	271	60	2,112	427
Payroll and welfare payables	1,868	4,855	5,318	5,626
Other payables	3,443	15,470	18,146	23,747
Current portion of long-term payables	–	–	133	10,624
Subtotal	5,582	20,385	25,709	40,424
Non-current				
Long-term payables	–	–	407	17,939
Total	5,582	20,385	26,116	58,363

27. CONTRACT LIABILITIES

The Group

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Energy storage systems business	10,779	92	81,107	111,986
EPC	–	–	1,000	–
Total	10,779	92	82,107	111,986

The movements in contract liabilities during the Relevant Periods were mainly due to the movements in short-term advances received from customers in relation to energy storage systems business at the end of each of the Relevant Periods.

The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Energy storage systems business	10,779	92	80,822	110,429

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank borrowings, unguaranteed and unsecured	511	767	20,250	60,193
Bank borrowings, guaranteed and unsecured	11,510	98,315	294,642	264,482
Bank borrowings, secured	–	32,539	–	–
Other borrowings, guaranteed and unsecured	25,000	–	–	–
Current portion of long-term bank borrowings, unguaranteed and unsecured	1,213	–	–	–
Current portion of long-term bank borrowings, guaranteed and unsecured	–	–	–	6,035
Current portion of long-term bank borrowings, secured	–	–	512	515
Subtotal	38,234	131,621	315,404	331,225
Non-current				
Bank borrowings, guaranteed and unsecured	–	–	–	39,000
Bank borrowings, secured	–	–	2,144	1,888
Subtotal	–	–	2,144	40,888
Total	38,234	131,621	317,548	372,113

Certain of the Group’s bank borrowings and other borrowings are guaranteed or secured by:

- the guarantee provided by certain substantial shareholders, directors and chief executive of the Group and a third-party guarantee company, amounting to RMB36,510,000, RMB98,315,000, RMB294,642,000 and RMB309,517,000 at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.
- the pledge of substantial shareholder’s own real estate and the Company’s trade receivables, amounting to RMB32,539,000 at 31 December 2023.
- the pledge of the Group’s future trade receivables and equity of a subsidiary, amounting to a total of RMB2,656,000 and RMB2,403,000 at 31 December 2024 and 30 June 2025, respectively.

The Group’s interest-bearing bank and other borrowings are all denominated in RMB. The non-current borrowings will be repaid by instalments over six years.

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All of the Group’s interest-bearing bank and other borrowings at the end of each of the Relevant Periods are charged interest with fixed rates, and accordingly the Group’s interest-bearing bank borrowings and other borrowings had no interest rate risk exposure. The effective interest rates of the Group’s interest-bearing bank borrowings and other borrowings at the end of each of the Relevant Periods are as follows:

	2022	2023	2024	Six months ended 30 June 2025
	%	%	%	%
Current				
Bank borrowings, unguaranteed and unsecured	4.62 – 4.62	3.45 – 4.62	3.45 – 3.50	2.10 – 3.50
Bank borrowings, guaranteed and unsecured	4.05 – 4.80	2.00 – 4.80	2.00 – 3.80	2.00 – 3.50
Bank borrowings, secured	N/A	3.00 – 3.80	N/A	N/A
Other borrowings, guaranteed and unsecured	6.00 – 8.00	N/A	N/A	N/A
Current portion of long-term bank borrowings, unguaranteed and unsecured	4.25 – 4.25	N/A	N/A	N/A
Current portion of long-term bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10
Current portion of long-term bank borrowings, secured	N/A	N/A	5.50 – 5.50	5.50 – 5.50
Non-current				
Bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10
Bank borrowings, secured	N/A	N/A	5.50 – 5.50	5.50 – 5.50

The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank borrowings, unguaranteed and unsecured	511	767	–	39,940
Bank borrowings, guaranteed and unsecured	11,510	48,274	249,625	214,448
Bank borrowings, secured	–	15,000	–	–
Other borrowings, guaranteed and unsecured	25,000	–	–	–
Current portion of long-term bank borrowings, unguaranteed and unsecured	1,213	–	–	–
Current portion of long-term bank borrowings, guaranteed and unsecured	–	–	–	6,035
Subtotal	38,234	64,041	249,625	260,423
Non-current				
Bank borrowings, guaranteed and unsecured	–	–	–	39,000
Total	38,234	64,041	249,625	299,423

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The effective interest rates of the Company’s interest-bearing bank and other borrowings at the end of each of the Relevant Periods are as follow:

	2022	2023	2024	Six months ended 30 June 2025
	%	%	%	%
Current				
Bank borrowings, unguaranteed and unsecured	4.62	3.45 – 4.62	N/A	2.10 – 2.98
Bank borrowings, guaranteed and unsecured	4.05 – 4.80	2.00 – 4.80	2.00 – 3.80	2.00 – 3.50
Bank borrowings, secured	N/A	–	N/A	N/A
Other borrowings, guaranteed and unsecured	6.00 – 8.00	N/A	N/A	N/A
Current portion of long-term bank borrowings, unguaranteed and unsecured	4.25	N/A	N/A	N/A
Current portion of long-term bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10
Non-current				
Bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10

29. PROVISION

The Group

	Warranties
	RMB’000
At 1 January 2022	–
Additional provision	183
Amounts utilised during the year	–
At 31 December 2022	183
Portion classified as current liabilities	37
Non-current portion	146

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	Warranties
	<i>RMB’000</i>
At 1 January 2023	183
Additional provision	2,030
Amounts utilised during the year	(63)
At 31 December 2023	2,150
Portion classified as current liabilities	819
Non-current portion	1,331
	Warranties
	<i>RMB’000</i>
At 1 January 2024	2,150
Additional provision	3,217
Amounts utilised during the year	(1,841)
At 31 December 2024	3,526
Portion classified as current liabilities	1,680
Non-current portion	1,846
	Warranties
	<i>RMB’000</i>
At 1 January 2025	3,526
Additional provision	3,751
Amounts utilised during the period	(574)
At 30 June 2025	6,703
Portion classified as current liabilities	2,595
Non-current portion	4,108

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The Company

	Warranties
	<i>RMB’000</i>
At 1 January 2022	–
Additional provision	183
Amounts utilised during the year	–
At 31 December 2022	183
Portion classified as current liabilities	37
Non-current portion	146
	Warranties
	<i>RMB’000</i>
At 1 January 2023	183
Additional provision	1,501
Amounts utilised during the year	(63)
At 31 December 2023	1,621
Portion classified as current liabilities	709
Non-current portion	912
	Warranties
	<i>RMB’000</i>
At 1 January 2024	1,621
Additional provision	3,172
Amounts utilised during the year	(1,830)
At 31 December 2024	2,963
Portion classified as current liabilities	1,524
Non-current portion	1,439

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	Warranties
	<i>RMB’000</i>
At 1 January 2025	2,963
Additional provision	2,856
Amounts utilised during the period	(554)
At 30 June 2025	5,265
Portion classified as current liabilities	2,023
Non-current portion	3,242

The Group generally provides warranties of 2 to 5 years to its customers on certain of its energy storage system business and EPC services for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on the Group’s recent claims, past warranty data and the weight of the probabilities of warranty risks occurring during different periods. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

30. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

The Group

	Impairment of asset	Lease liabilities	Right-of-use assets	Accelerated tax depreciation	Tax losses	Unrealised profit	Share-based payment	Fair value reserve of financial assets at fair value through other comprehensive income	Others	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>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022	34	–	–	–	–	–	–	–	–	34
Credited/(charged) to profit or loss (<i>note 10</i>)	66	15	(21)	(634)	–	–	–	–	27	(547)
At 31 December 2022 and 1 January 2023	100	15	(21)	(634)	–	–	–	–	27	(513)
Credited/(charged) to profit or loss (<i>note 10</i>)	310	10,652	(10,540)	(863)	–	–	543	–	348	450
At 31 December 2023 and 1 January 2024	410	10,667	(10,561)	(1,497)	–	–	543	–	375	(63)
Credited/(charged) to profit or loss (<i>note 10</i>)	1,408	(452)	202	(2,646)	–	1,428	620	–	422	982
At 31 December 2024 and 1 January 2025	1,818	10,215	(10,359)	(4,143)	–	1,428	1,163	–	797	919
Credited/(charged) to profit or loss (<i>note 10</i>)	1,192	(8,049)	7,738	86	2,272	(448)	349	118	512	3,770
At 30 June 2025	3,010	2,166	(2,621)	(4,057)	2,272	980	1,512	118	1,309	4,689

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The Company

	Impairment of asset	Lease liabilities	Right-of-use assets	Accelerated tax depreciation	Tax losses	Share-based payment	Fair value reserve of financial assets at fair value through other comprehensive income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	34	–	–	–	–	–	–	–	34
Credited/(charged) to profit or loss	(3)	–	–	(634)	–	–	–	27	(610)
At 31 December 2022 and 1 January 2023	31	–	–	(634)	–	–	–	27	(576)
Credited/(charged) to profit or loss	102	10,419	(10,286)	(863)	–	543	–	216	131
At 31 December 2023 and 1 January 2024	133	10,419	(10,286)	(1,497)	–	543	–	243	(445)
Credited/(charged) to profit or loss	647	(357)	100	(2,646)	–	620	–	414	(1,222)
At 31 December 2024 and 1 January 2025	780	10,062	(10,186)	(4,143)	–	1,163	–	657	(1,667)
Credited/(charged) to profit or loss	1,040	(8,000)	7,663	86	2,272	349	118	293	3,821
At 30 June 2025	1,820	2,062	(2,523)	(4,057)	2,272	1,512	118	950	2,154

Certain deferred tax assets and liabilities have been offset on an individual entity basis and the Group’s net deferred tax assets and liabilities presented in the consolidated statements of financial position are as follows:

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets	69	384	2,587	6,356
Net deferred tax liabilities	(582)	(447)	(1,668)	(1,667)
Total	(513)	(63)	919	4,689

The Company

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax liabilities	(576)	(445)	(1,667)	2,154

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Deferred tax assets have not been recognised in respect of the following item:

The Group

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses:				
Expiring in one to ten years	464	12	469	416

Tax losses arising in Mainland China will expire in one to ten years for offsetting against future taxable profits. 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.

31. PAID-IN CAPITAL/SHARE CAPITAL

The paid-in capital/share capital of the Company as at the end of each Relevant Periods was RMB5,999,000, RMB16,326,000, RMB30,705,000 and RMB94,588,000, respectively. The movements are as follows:

	Notes	Numbers of ordinary shares	Paid-in capital/ share capital
			RMB'000
As at 1 January 2022		N/A	1,400
Capital contribution from shareholders	(a)	N/A	4,599
As at 31 December 2022		N/A	5,999
Capital contribution from shareholders	(b)	N/A	10,327
As at 31 December 2023		N/A	16,326
Capital contribution from shareholders	(c)	N/A	14,379
As at 31 December 2024		N/A	30,705
Issue of ordinary shares upon conversion into a joint stock company	(d)	90,000,000	59,295
Capital contribution from shareholders	(e)	4,588,235	4,588
As at 30 June 2025		94,588,235	94,588

Notes:

- (a) In January 2022, the Company received capital contributions of RMB2,000,000 in cash from Shanghai Youce Investment Consulting Co., Ltd., which was fully recognised in paid-in capital.

In August 2022, the Company received capital contributions of RMB999,000 in cash from Shenzhen Shangxing Investment Development Co., Ltd. (“**Shenzhen Shangxing**”), which was fully recognised in paid-in capital.

In November 2022, the Company received capital contributions of RMB1,600,000 in cash from Mr. Chen Junde, which was fully recognised in paid-in capital.

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- (b) In June 2023, the Company received capital contributions of RMB1,000 in cash from Shenzhen Shangxing, which was fully recognised in paid-in capital.

In August 2023, the Company received capital contributions of RMB4,000,000, RMB400,000, RMB1,000,000, RMB800,000, RMB2,400,000 and RMB4,000,000 in cash from Ms. Zhang Panpan, Ms. Xu Siyue, Ms. Cui Yanan, Mr. Liu Xin, Ms. Zhou Qiong and Mr. Qiao Xin, respectively. Out of which RMB948,000 was credited to the Company’s paid-in capital and RMB11,652,000 was credited to the Company’s capital reserve, respectively.

In August 2023, the Company received capital contributions of RMB6,000,000 in cash from Mr. Lin Guodong. Out of which RMB1,750,000 was credited to the Company’s paid-in capital and RMB4,250,000 was credited to the Company’s capital reserve, respectively.

In August 2023, the Company received capital contributions of RMB853,000, RMB563,000, RMB968,000, RMB1,122,000, RMB1,653,000 and RMB354,000 in cash from Mr. Liu Ziye, Mr. Zhang Xi, Mr. Feng Lizheng, Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership) and Wuxi Yuebai Management Consulting Partnership Enterprise (Limited Partnership), respectively. Out of which RMB4,713,000 was credited to the Company’s paid-in capital and RMB800,000 was credited to the Company’s capital reserve, respectively.

In August 2023, the Company received capital contributions of RMB10,000,000 in cash from Mr. Cai Guoming. Out of which RMB2,916,000 was credited to the Company’s paid-in capital and RMB7,084,000 was credited to the Company’s capital reserve, respectively.

- (c) In March 2024, the Company received capital contributions of RMB30,000,000 in cash from Kaibo Hongcheng (Hubei) Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (“**Kaibo Hongcheng**”), out of which RMB602,000 was credited to the Company’s paid-in capital and RMB29,398,000 was credited to the Company’s capital reserve.

In July 2024, the Company received capital contributions of RMB200,000 in cash from Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership), which was fully recognised in paid-in capital.

In October 2024, the Company received capital contributions of RMB200,000, RMB3,450,000, RMB450,000, RMB45,000 and RMB9,432,000 in cash from Mr. Liu Ziye, Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Yuebai Management Consulting Partnership Enterprise (Limited Partnership) and Hainan Xuding Information Management Consulting Co., Ltd., respectively, which was fully recognised in paid-in capital.

- (d) In March 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date amounting to RMB96,211,000 were converted into 90,000,000 ordinary shares at RMB1.00 each. The excess of net assets converted over the nominal value of the ordinary shares was credited to the Company’s capital reserve.

- (e) In March 2025, the Company received capital contributions of RMB70,000,000 in cash from Kaibo Hongcheng, out of which RMB4,117,000 was credited to the Company’s share capital which were converted into 4,117,000 ordinary shares at RMB1.00 each and RMB65,883,000 was credited to the Company’s capital reserve.

In April 2025, the Company received capital contributions of RMB30,000,000 in cash from Shenzhen Ningqian Investment Management Co., Ltd (“**Shenzhen Ningqian**”), out of which RMB471,000 was credited to the Company’s share capital which were converted into 471,000 ordinary shares at RMB1.00 each and RMB29,529,000 was credited to the Company’s capital reserve.

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32. SHARE AWARD SCHEMES

2022 Share award scheme

On 30 December 2022, the Company adopted the share award scheme (the “**2022 Plan**”) for the purpose of providing incentives and rewards to eligible participants, in which selected employees of the Company are entitled to participate.

Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership) (“**Wuxi Xiyun**”) and Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership) (“**Wuxi Luanhua**”) were both established on 8 June 2023 by certain members of the then management and key employees of the Company as long-term equity incentive platforms under the 2022 Plan. The Company also granted certain restricted shares directly to Mr. Zhang Xi, a management of the Company, under the 2022 Plan at RMB1.00 per share. Pursuant to the 2022 Plan the subscription price at RMB1.00 per share for restricted shares were paid by the eligible participants to Wuxi Xiyun and Wuxi Luanhua, respectively, and the consideration paid by the eligible participants was then used by these equity incentive platforms to obtain paid-in capital of the Company through (i) capital contributions to the Company or (ii) acquisition of the paid-in capital of the Company from the major shareholder of the Company.

These granted restricted shares of the Company will vest at the end of the 5-year service period from the date when grantees indirectly hold the equity of the Company through the platforms.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these restricted share units. The Group accounts for the 2022 Plan as an equity-settled plan.

Restricted shares confer rights on the holders to dividends or to vote at shareholders’ meetings.

The following restricted shares were outstanding under the 2022 Plan during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December 2022		Year ended 31 December 2023		Year ended 31 December 2024	
	Grant price per share	Number of restricted shares	Grant price per share	Number of restricted shares	Grant price per share	Number of restricted shares
	RMB	'000	RMB	'000	RMB	'000
At beginning of year	–	–	1	7,438	1	7,438
Granted during the year	1	7,438	–	–	–	–
At end of year	1	7,438	1	7,438	1	7,438

	Six months ended 30 June 2024		Six months ended 30 June 2025	
	Grant price per share	Number of restricted shares	Grant price per share	Number of restricted shares
	RMB (unaudited)	'000	RMB	'000
At beginning of period	1	7,438	1	7,438
Granted during the period	–	–	–	–
At end of period	1	7,438	1	7,438

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During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, share award expenses under the 2022 Plan of nil, RMB3,617,000, RMB3,617,000, RMB1,809,000 (unaudited) and RMB1,808,000, respectively, were charged to profit or loss.

The fair value of the restricted shares granted to employees under the 2022 Plan as at the grant date were determined with reference to the fair value of ordinary shares on the grant date, using the recent transaction price method to determine the underlying equity fair value of the Company.

2024 Share award scheme

On 30 June 2024, the Company adopted another share award scheme (the “**2024 Plan**”) for the same purpose.

Wuxi Jiqing Management Consulting Partnership (Limited Partnership) (“**Wuxi Jiqing**”) was established on 14 October 2024 by certain members of the then management and key employees of the Company as a long-term equity incentive platform under the 2024 Plan. Pursuant to the 2024 Plan the subscription price at RMB5.00 per share for the restricted shares were paid by the eligible participants to Wuxi Jiqing and the consideration paid by the eligible participants was then used by this equity incentive platform contributed by the platform to the company to acquire the paid in capital of the Company from the major shareholder of the Company.

These restricted granted shares of the Company will vest at the end of the 5-year service period from the date when grantees indirectly hold the equity of the Company through the platform.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these restricted share units. The Group accounts for the 2024 Plan as an equity-settled plan.

Restricted shares confer rights on the holders to dividends or to vote at shareholders’ meetings.

The following restricted share units were outstanding under the 2024 Plan during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December 2024		Six months ended 30 June 2024		Six months ended 30 June 2025	
	Grant price per share	Number of restricted shares	Grant price per share	Number of restricted shares	Grant price per share	Number of restricted shares
	RMB	'000	RMB (unaudited)	'000	RMB	'000
At beginning of year/period	–	–	–	–	5	527
Granted during the period	5	527	5	527	–	–
At end of year	5	527	5	527	5	527

During the year ended 31 December 2024 and the six months ended 30 June 2024 and 2025, share award expenses under the 2024 Plan of RMB516,000, nil (unaudited) and RMB516,000, respectively, were charged to profit or loss.

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The fair value of the restricted shares granted to employees under the 2024 Plan as at the grant date were determined with reference to the fair value of ordinary shares on the grant date, using the discounted cash flow method to determine the underlying equity fair value of the Company, with the assistance of an independent third-party valuation firm. The following table lists the inputs to the model used to estimate the fair value of restricted shares granted during the Relevant Periods and the six months ended 30 June 2024:

	2024
Dividend yield (%)	0%
Expected volatility (%)	53.23%
Risk-free interest rate (%)	2.4%
Discount rate	15%

33. RESERVES

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Share-based payment reserve

Share-based payment reserve is attributable to the fair value of the restricted shares of the Company granted to the Group’s employees, as further explained in the accounting policy for share-based payment in note 2.3 to the Historical Financial Information.

(b) Statutory reserve

Statutory reserve represents the amount set aside from the retained profits by certain subsidiaries established in the PRC and is not distributable as dividend. In accordance with the relevant regulations, the Company’s subsidiaries established in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to statutory reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances, or cash dividends.

(c) Capital reserve

The capital reserve represents the capital premium of the Company, as further explained in note 31 to the Historical Financial Information.

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A summary of the Company’s reserves is as follows:

	Capital reserve	Statutory reserves	Share-based payment reserve	(Accumulated losses)/ retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	–	–	–	(1,442)	(1,442)
Profit for the year	–	–	–	12,631	12,631
Total comprehensive income for the year	–	–	–	12,631	12,631
Appropriation of statutory reserves	–	1,119	–	(1,119)	–
At 31 December 2022 and 1 January 2023	–	1,119	–	10,070	11,189
Profit for the year	–	–	–	25,814	25,814
Total comprehensive income for the year	–	–	–	25,814	25,814
Capital reserve	23,786	–	–	–	23,786
Equity-settled share award expense	–	–	3,617	–	3,617
Appropriation of statutory reserves	–	2,582	–	(2,582)	–
At 31 December 2023 and 1 January 2024	23,786	3,701	3,617	33,302	64,406
Profit for the year	–	–	–	45,786	45,786
Total comprehensive income for the year	–	–	–	45,786	45,786
Capital reserve	29,399	–	–	–	29,399
Equity-settled share award expense	–	–	4,133	–	4,133
Appropriation of statutory reserves	–	4,579	–	(4,579)	–
At 31 December 2024	53,185	8,280	7,750	74,509	143,724

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	Capital reserve	Statutory reserves	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	(Accumulated losses)/ retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	53,185	8,280	7,750	–	74,509	143,724
Loss for the period	–	–	–	–	(8,573)	(8,573)
Other comprehensive loss for the period:						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	(666)	–	(666)
Total comprehensive loss for the period	–	–	–	(666)	(8,573)	(9,239)
Capital reserve	95,412	–	–	–	–	95,412
Conversion into a joint stock company	(46,974)	(3,701)	(6,975)	–	(1,645)	(59,295)
Equity-settled share award expense	–	–	2,324	–	–	2,324
At 30 June 2025	101,623	4,579	3,099	(666)	64,291	172,926

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Additions to right-of-use assets and lease liabilities	432	70,224	3,219	–	16,301
Additions to long-term payables	–	–	–	–	29,000
Endorsed bills receivables	13,500	8,811	50,495	16,721	129,468

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(b) Changes in liabilities arising from financing activities

(i) Lease liabilities

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
At beginning of year/period	–	294	70,609	70,609	67,771
New leases	302	70,224	3,219	–	16,301
Interest expenses	1	396	2,321	1,155	204
Termination of leases	–	–	–	–	(46,772)
Changes from financing cash flows	(9)	(305)	(8,378)	(5,104)	(23,306)
At end of year/period	294	70,609	67,771	66,660	14,198

(ii) Interest-bearing bank and other borrowings

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
At beginning of year/period	1,379	38,234	131,621	131,621	317,548
Changes from financing cash flows	36,855	93,387	185,927	66,661	54,565
At end of year/period	38,234	131,621	317,548	198,282	372,113

(iii) Other payables and accruals

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
At beginning of year/period	3,541	5,572	13,248	13,248	37,789
Additions to long-term payables	–	–	–	–	29,000
Within operating activities	2,031	6,655	5,623	21,769	1,251
Within investing activities	–	1,021	(1,622)	–	–
Within financing activities	–	–	20,540	60	(870)
At end of year/period	5,572	13,248	37,789	35,077	67,170

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(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Within operating activities	1,605	1,508	1,969	512	1,246
Within financing activities	9	305	8,378	5,104	23,306
Total	1,614	1,813	10,347	5,616	24,552

35. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Improvement for buildings and plants	–	4,481	–	118
Purchase for constructions	–	–	1,055	10,800
Unpaid capital of investments in associate and joint venture	–	950	1,350	10,100
Total	–	5,431	2,405	21,018

36. RELATED PARTY TRANSACTIONS

- (a) In addition to the guarantee provided by the shareholders as detailed in note 28 to the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Loan to the director	–	13,000	–	–	–
Loan to key management personnel	90	–	–	–	–
Sales of products to an associate	–	–	–	–	1,878

All these transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

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(b) Outstanding balances with related parties

The Group had the following outstanding balances with related parties as at the end of each of the Relevant Periods:

Trade Receivables

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade Receivables of an associate	–	–	–	3,389

(c) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Short-term employee benefits	1,034	1,740	1,235	618	2,719
Equity-settled share award expense	–	1,868	1,868	934	1,406
Post-employment benefits	13	16	28	14	55
Total	1,047	3,624	3,131	1,566	4,180

Further details of directors’ and the chief executive’s emoluments are included in note 8 to the Historical Financial Information.

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37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

As at 31 December 2022

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at fair value through other comprehensive income Debt investments	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	447	41,143	41,590
Financial assets included in prepayments other receivables and other assets	–	–	8,765	8,765
Cash and cash equivalents	–	–	7,296	7,296
Restricted bank deposits	–	–	961	961
Total	–	447	58,165	58,612

As at 31 December 2023

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at fair value through other comprehensive income Debt investments	Financial assets at fair value through other comprehensive income Equity investments	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	7,002	–	–	–	7,002
Equity investments at fair value through other comprehensive income	–	–	1,680	–	1,680
Trade and bills receivables	–	4,020	–	161,745	165,765
Financial assets included in prepayments other receivables and other assets	–	–	–	10,533	10,533
Cash and cash equivalents	–	–	–	14,236	14,236
Restricted bank deposits	–	–	–	12,006	12,006
Total	7,002	4,020	1,680	198,520	211,222

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As at 31 December 2024

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at fair value through other comprehensive income Debt investments	Financial assets at fair value through other comprehensive income Equity investments	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	89,909	–	–	–	89,909
Equity investments at fair value through other comprehensive income	–	–	1,680	–	1,680
Trade and bills receivables	–	14,703	–	505,754	520,457
Financial assets included in prepayments other receivables and other assets	–	–	–	70,249	70,249
Cash and cash equivalents	–	–	–	50,262	50,262
Restricted bank deposits	–	–	–	18,580	18,580
Total	89,909	14,703	1,680	644,845	751,137

As at 30 June 2025

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at fair value through other comprehensive income Debt investments	Financial assets at fair value through other comprehensive income Equity investments	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments at fair value through other comprehensive income	–	–	1,680	–	1,680
Trade and bills receivables	–	107,629	–	844,653	952,282
Financial assets included in prepayments other receivables and other assets	–	–	–	38,756	38,756
Cash and cash equivalents	–	–	–	46,687	46,687
Restricted bank deposits	–	–	–	54,147	54,147
Total	–	107,629	1,680	984,243	1,093,552

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Financial liabilities

As at 31 December 2022

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade and bills payables	24,222
Financial liabilities included in other payables and accruals	2,202
Interest-bearing bank and other borrowings	38,234
Lease liabilities	294
Total	64,952

As at 31 December 2023

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade and bills payables	132,784
Financial liabilities included in other payables and accruals	6,467
Interest-bearing bank and other borrowings	131,621
Lease liabilities	70,609
Total	341,481

As at 31 December 2024

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade and bills payables	438,938
Financial liabilities included in other payables and accruals	28,587
Interest-bearing bank and other borrowings	317,548
Lease liabilities	67,771
Total	852,844

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As at 30 June 2025

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade and bills payables	850,736
Financial liabilities included in other payables and accruals	57,444
Interest-bearing bank and other borrowings	372,113
Lease liabilities	14,198
Total	1,294,491

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 30 June 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Endorsed Bills**”) with carrying amounts of nil, RMB4,020,000, RMB10,399,000 and RMB104,622,000, 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/period to which the suppliers have recourse were nil, RMB15,534,000, RMB14,791,000 and RMB105,579,000, at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 30 June 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB13,500,000, RMB8,811,000, RMB50,495,000, and RMB129,468,000, respectively. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law 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, in disregard of 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 the six months ended 30 June 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the Relevant Periods or cumulatively. The endorsement has been made evenly throughout the Relevant Periods.

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38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Bills receivable				
Carrying amount	447	4,020	14,703	107,629
Fair value	447	4,020	14,703	107,629
Equity investments at fair value through other comprehensive income				
Carrying amount	–	1,680	1,680	1,680
Fair value	–	1,680	1,680	1,680
Financial investments at fair value through profit or loss				
Carrying amount	–	7,002	89,909	–
Fair value	–	7,002	89,909	–
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings				
Carrying amount	–	–	2,144	40,888
Fair value	–	–	2,131	40,693
Non-current portion of financial liabilities included in other payables and accruals				
Carrying amount	–	–	16,893	34,786
Fair value	–	–	16,893	34,697

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank and other borrowings, and financial liabilities included in other payables and accruals 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 and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group’s senior management 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 senior management.

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:

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The fair values of the non-current portion of bank loans 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 fair values of wealth management products issued by commercial banks operating in Mainland China included in financial assets at fair value through profit or loss have been estimated using the quotations provided by the relevant commercial banks, which requires the directors to estimate the expected yield and discount rate.

The fair value of bills receivable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

31 December 2023	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments at fair value through other comprehensive income	Valuation multiples	Average price/book value multiple of peers	1.4	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB168,000
		Discount for lack of marketability	26.2%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB60,000
31 December 2024	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments at fair value through other comprehensive income	Valuation multiples	Average price/sales multiple of peers	1.9	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB168,000
		Discount for lack of marketability	25.6%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB58,000
30 June 2025	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments at fair value through other comprehensive income	Valuation multiples	Average price/sales multiple of peers	1.8	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB168,000
		Discount for lack of marketability	20.0%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB44,000

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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.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group’s financial assets:

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)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			Total
Bills receivable	–	447	–
			447

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)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			Total
Financial investments at fair value through profit or loss	–	7,002	–
Equity investments designated at fair value through other comprehensive income	–	–	1,680
Bills receivable	–	4,020	–
Total	–	11,022	1,680

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets:				
Financial investments at fair value through profit or loss	–	89,909	–	89,909
Equity investments designated at fair value through other comprehensive income	–	–	1,680	1,680
Bills receivable	–	14,703	–	14,703
Total	–	104,612	1,680	106,292
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings	–	2,131	–	2,131
Non-current portion of financial liabilities included in other payables and accruals	–	16,893	–	16,893
Total	–	19,024	–	19,024

As at 30 June 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets:				
Equity investments designated at fair value through other comprehensive income	–	–	1,680	1,680
Bills receivable	–	107,629	–	107,629
Total	–	107,629	1,680	109,309
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings	–	40,693	–	40,693
Non-current portion of financial liabilities included in other payables and accruals	–	34,697	–	34,697
Total	–	75,390	–	75,390

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and bank deposits and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables, and trade and bills payables, which arise directly from its operations.

The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables, and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group mainly operates in Mainland China with most of the Group’s monetary assets, liabilities and transactions principally denominated in RMB, GBP, USD and EUR. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group’s profit before tax in response to reasonably possible changes in the GBP, USD and EUR exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods with all other variables held constant:

31 December 2022

	Changes in exchange rate	(Decrease)/ increase in profit before tax
	%	RMB’000
If the RMB weakens against the GBP	5	2,745
If the RMB strengthens against the GBP	(5)	(2,745)

31 December 2023

	Changes in exchange rate	Increase/ (decrease) in profit before tax
	%	RMB’000
If the RMB weakens against the GBP	5	2,567
If the RMB strengthens against the GBP	(5)	(2,567)
If the RMB weakens against the USD	5	2,117
If the RMB strengthens against the USD	(5)	(2,117)

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31 December 2024

	Changes in exchange rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
If the RMB weakens against the GBP	5	4,475
If the RMB strengthens against the GBP	(5)	(4,475)
If the RMB weakens against the USD	5	6,502
If the RMB strengthens against the USD	(5)	(6,502)
If the RMB weakens against the EUR	5	480
If the RMB strengthens against the EUR	(5)	(480)

30 June 2025

	Changes in exchange rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
If the RMB weakens against the GBP	5	5,578
If the RMB strengthens against the GBP	(5)	(5,578)
If the RMB weakens against the USD	5	7,752
If the RMB strengthens against the USD	(5)	(7,752)
If the RMB weakens against the EUR	5	994
If the RMB strengthens against the EUR	(5)	(994)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

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As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	447	–	–	41,535	41,982
Financial assets included in prepayments, other receivables and other assets					
– Normal [#]	8,855	–	–	–	8,855
Cash and cash equivalents	7,296	–	–	–	7,296
Restricted bank deposits	961	–	–	–	961
Total	17,559	–	–	41,535	59,094

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	4,020	–	–	163,441	167,461
Contract assets*	–	–	–	785	785
Financial assets included in prepayments, other receivables and other assets					
– Normal [#]	10,825	–	–	–	10,825
Cash and cash equivalents	14,236	–	–	–	14,236
Restricted bank deposits	12,006	–	–	–	12,006
Total	41,087	–	–	164,226	205,313

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	14,703	–	–	514,039	528,742
Contract assets*	–	–	–	41,947	41,947
Financial assets included in prepayments, other receivables and other assets					
– Normal [#]	70,855	–	–	–	70,855
Cash and cash equivalents	50,262	–	–	–	50,262
Restricted bank deposits	18,580	–	–	–	18,580
Total	154,400	–	–	555,986	710,386

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ACCOUNTANTS’ REPORT

As at 30 June 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	107,629	–	–	859,959	967,588
Contract assets*	–	–	–	89,009	89,009
Financial assets included in prepayments, other receivables and other assets					
– Normal [#]	35,157	–	–	–	35,157
– Doubtful [#]	–	4,100	–	–	4,100
Cash and cash equivalents	46,687	–	–	–	46,687
Restricted bank deposits	54,147	–	–	–	54,147
Total	243,620	4,100	–	948,968	1,196,688

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 and note 22 to the Historical Financial Information.

[#] The credit quality of 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 and bills receivables are disclosed in note 21 to the Historical Financial Information.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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 or less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	24,222	–	24,222
Financial liabilities included in other payables and accruals	2,202	–	2,202
Interest-bearing bank and other borrowings	39,688	–	39,688
Lease liabilities	106	204	310
Total	66,218	204	66,422

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As at 31 December 2023

	On demand or less than one year	One to five years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	132,784	–	132,784
Financial liabilities included in other payables and accruals	6,467	–	6,467
Interest-bearing bank and other borrowings	136,626	–	136,626
Lease liabilities	5,902	66,181	72,083
Total	281,779	66,181	347,960

As at 31 December 2024

	On demand or less than one year	One to five years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	438,938	–	438,938
Financial liabilities included in other payables and accruals	11,694	23,114	34,808
Interest-bearing bank and other borrowings	326,867	2,728	329,595
Lease liabilities	67,626	207	67,833
Total	845,125	26,049	871,174

As at 30 June 2025

	On demand or less than one year	One to five years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	850,736	–	850,736
Financial liabilities included in other payables and accruals	22,410	40,219	62,629
Interest-bearing bank and other borrowings	336,012	49,146	385,158
Lease liabilities	4,716	10,855	15,571
Total	1,213,874	100,220	1,314,094

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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 and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may 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.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings and lease liabilities. Capital includes equity. At the end of each of the Relevant Periods, the gearing ratios are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest-bearing bank and other borrowings	38,234	131,621	317,548	372,113
Lease liabilities	294	70,609	67,771	14,198
Debt	38,528	202,230	385,319	386,311
Capital	28,785	94,663	192,792	299,970
Gearing ratio	133.8%	213.6%	199.9%	128.8%

40. EVENTS AFTER THE RELEVANT PERIODS

As at the date of this report, there was no material subsequent event undertaken by the Group after 30 June 2025.

41. 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 30 June 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]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

PRC TAXATION

Taxation on Dividends

Individual Investors

Under the provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), last amended on August 31, 2018, and the Regulations on Implementation 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》), last amended on December 18, 2018 (collectively referred to as the “**IIT Law**”), dividends disbursed by PRC enterprises are subject to a flat individual income tax rate of 20%. For foreign individuals who are not residents of China, dividends received from a Chinese enterprise are generally taxed at 20%, unless there are specific exemptions granted by the State Council’s tax authority or reductions under an applicable tax treaty.

According to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》), which came into effect on January 1, 2020, “non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of ‘self-assessment, claiming benefits, retention of the relevant materials for future inspection’”. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities. For withholding at source and designated withholding, a non-resident taxpayer asserting that it satisfies the criteria for claiming treaty benefits and need to claim such benefits shall complete an “Information Report on Non-resident Taxpayers Claiming Treaty Benefits” truthfully, submit to the withholding agent voluntarily, gather and retain the relevant materials pursuant to the relevant provisions.

In accordance with the Arrangement between the Mainland 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》), signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents, including both natural persons and legal entities. The tax levied shall not exceed 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company and meets certain conditions as the beneficial owner of the equity, the tax imposed shall not exceed 5% of the total dividends payable by the PRC 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》), in effect since December 6, 2019, introduces specific criteria determining entitlement to treaty benefits. According to this protocol, treaty benefits will not be granted if, upon careful consideration of all relevant facts and conditions, it is reasonably determined that obtaining these benefits was a primary purpose of the arrangement or transactions, thereby providing direct or indirect benefits under the Arrangement. Exceptions are made when such benefits align with the Arrangement’s relevant objectives and goals.

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TAXATION AND FOREIGN EXCHANGE

Additionally, the application of the dividend clause of tax agreements is bound by the stipulations outlined in the PRC tax laws and regulations, including the guidelines specified in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81). Compliance with these regulations is essential in determining the taxation applicable to dividends under the Arrangement.

Enterprise Investors

Pursuant to the provisions outlined in the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), enacted by the National People’s Congress of the PRC (NPC) on March 16, 2007, and enforced from January 1, 2008, subsequently amended on February 24, 2017, and December 29, 2018, and in alignment with the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, last amended on December 6, 2024 and effective on January 20, 2025 (collectively referred to as the “**EIT Law**”), it is established that a non-resident enterprise is generally liable to a 10% enterprise income tax on income sourced within the PRC. Such income includes dividends and bonuses received from a PRC resident enterprise. This taxation applies to non-resident enterprises that lack a physical establishment or premises in the PRC. Alternatively, if an establishment or premise exists within the PRC, but the PRC-sourced income is unrelated to said establishment or premise, it is subject to the aforementioned taxation.

The withholding tax for non-resident enterprises is mandated to be deducted at the source, whereby the entity making the payment assumes the role of the withholding agent. Consequently, the withholding agent is obligated to withhold the income tax from the payment or due payment each time it is disbursed or becomes due.

The Circular of the State Taxation Administration (STA) on Issues Relating to the Withholding and Remitting of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC 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》) (Guo Shui Han [2008] No. 897), which was issued by the STA and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394) which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be reduced pursuant to the tax treaty or agreement that China has concluded with relevant jurisdictions, where applicable. Accordingly, dividends paid to non-PRC resident enterprise (including HKSCC Nominees) shall be subject to withholding enterprise income tax at a rate of 10%. Non-Chinese mainland resident enterprises that are entitled to be taxed at a reduced rate under an applicable income

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

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.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the PRC Government is authorized to impose taxes on dividends disbursed by a PRC company to Hong Kong residents, including both individuals and legal entities, not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax shall not surpass 5% of the total dividends if the Hong Kong resident qualifies as the beneficial owner of the equity, and specific conditions are met.

Tax Treaties

Non-resident investors residing in jurisdictions that have established treaties or arrangements for the avoidance of double taxation with the PRC may qualify for a reduction in the PRC enterprise income tax levied on dividends received from PRC companies. Currently, the PRC has entered into Avoidance of Double Taxation Treaties or Arrangements with several countries and regions, including the Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Non-PRC resident enterprises eligible for preferential tax rates under these relevant taxation treaties or arrangements are required to submit an application to the PRC tax authorities for a refund of the enterprise income tax that exceeds the agreed tax rate. The approval of the refund application is subject to the evaluation and decision of the PRC tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Under the guidelines outlined in the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (referred to as “**Circular 36**”), effective from May 1, 2016, and subsequently amended on July 11, 2017, December 25, 2017, and March 20, 2019, individuals and entities conducting service transactions within the PRC are obligated to pay Value-Added Tax (VAT). “Sales of services within the PRC” are defined as transactions where either the service provider or the recipient is situated within the PRC.

Furthermore, Circular 36 specifies that the transfer of financial products, including the ownership transfer of marketable securities, is subject to a VAT rate of 6% on the taxable income. Taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

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As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, in accordance with the Circular of the Ministry of Finance (MOF) and the STA on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

However, on December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167). This circular, effective from January 1, 2010, stipulates that individuals' income derived from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange remains exempt from individual income tax. This exemption applies to shares not subject to sales restrictions, as defined in the Supplementary Notice on Issues Concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70), jointly issued by the three aforementioned departments and effective from November 10, 2010.

As of the Latest Practicable Date, there are no provisions expressly stating that individual income tax shall be imposed on non-PRC resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

In accordance with the Enterprise Income Tax (EIT) Law and the Implementation Provisions of the Enterprise Income Tax Law of the PRC, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments.

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The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It’s important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

In compliance with the PRC Stamp Duty Law (《中華人民共和國印花稅法》), as issued by the SCNPC on June 10, 2021, and enforced from July 1, 2022 (referred to as the “**Stamp Duty Law**”), all entities and individuals involved in securities transactions within the PRC are obligated to pay stamp duty as per the regulations outlined in the Stamp Duty Law. Consequently, the stipulations concerning stamp duty applied to the transfer of shares of PRC-listed companies do not extend to the transfer and disposal of H Shares by non-PRC investors outside the PRC.

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 SAFE, with the authorization of the People’s Bank of China (the “**PBOC**”), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations of the PRC on the Management of Foreign Exchange (《中華人民共和國外匯管理條例》), the “**Regulations on the Management of Foreign Exchange**”), which was promulgated by the State Council on January 29, 1996 and effective on April 1, 1996, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administrative authorities, while capital items are subject to the approval of foreign exchange administrative authorities. According to the Regulations on the Management of Foreign Exchange as amended on January 14, 1997 and August 5, 2008, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), the “**Settlement Regulations**”), which was promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital 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》) (PBOC Announcement [2005] No. 16), which was issued by the PBOC on July 21, 2005 and effective on the same date, the PRC began 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 from July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would

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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.

On August 5, 2008, the State Council promulgated the revised Regulation on the Management of Foreign Exchange, which has made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and 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; second, it has improved the RMB exchange rate formation mechanism based on market supply and demand; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment from foreign exchange accounts opened at the designated foreign exchange banks, on the strength of valid transaction receipt or proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the Board of Directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated 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》) (Guo Fa [2014] No. 50), which 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. On December 26, 2014, the SAFE implemented the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), pursuant to which, 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 Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the PRC or deposited overseas, but the use of the proceeds shall be consistent with the contents as specified in the document and other disclosure documents.

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According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders’ meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

According to the Notice of the SAFE 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》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, and amended on December 30, 2019, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled, the foreign exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions’ actual requirements for business operation. The proportion of discretionary settlement of domestic institutions’ foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

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 (《國家外匯管理局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》) (Hui Fa [2017] No. 3) 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.

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THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a 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.

Pursuant to the Constitution and the Legislation Law of the PRC (2023 Revision) (《中華人民共和國立法法(2023修正)》) (the “**Legislation Law**”), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The SCNPC formulates and amends 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 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 with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to 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. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people’s congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people’s governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people’s congresses of provinces or autonomous regions to resolve the issue. 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.

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The ministries, commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people’s governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People’s Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People’s Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

THE PRC JUDICIAL SYSTEM

Under the Constitution, the Law of Organization of the People’s Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People’s Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people’s courts of the PRC are classified into the Supreme People’s Court, the local people’s courts at various levels, and other special people’s courts. The local people’s courts at various levels are divided into three levels, namely, the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The primary people’s courts may set up a number of people’s tribunals based on the facts of the region, population and cases. The Supreme People’s Court is the highest judicial authority. The Supreme People’s Court shall supervise the judicial work of the local people’s courts at all levels and special people’s courts, and people’s courts at higher levels shall supervise the judicial work of people’s courts at lower levels. The Chinese People’s Procuratorates are divided into the Supreme People’s Procuratorate, local people’s procuratorates at various levels, and specialized people’s procuratorates such as the Military Procuratorate. The Supreme People’s Procuratorate is the highest procuratorial organ. The Supreme People’s Procuratorate directs the work of the local people’s procuratorates and specialized people’s procuratorates at all levels, and the people’s procuratorates at higher levels direct the work of the people’s procuratorates at lower levels.

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The people’s court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people’s court are final. The parties may appeal against the judgment or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s court 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 court 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 are final. The first judgments or rulings of the Supreme People’s Court are also final. However, if the Supreme People’s Court or a people’s court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people’s court at a lower level, or the presiding judge of a people’s court discovers an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**PRC Civil Procedure Law**”) adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each party to a civil action conducted within the PRC must comply with the relevant provisions of 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 plaintiff’s or the defendant’s place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people’s court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and 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 people’s court. In accordance with the international treaties to which the PRC 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 actions on its behalf. A people’s court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

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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 judgement or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people’s court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement 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 the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people’s court of the PRC, unless the people’s court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people’s court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people’s court to recognize and enforce it.

THE COMPANY LAW OF THE PRC, THE TRIAL ADMINISTRATIVE MEASURES OF OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

The Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “**PRC Company Law**”) was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised PRC Company Law has been implemented on July 1, 2024.

On February 17, 2023, CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

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On March 28 2025, the CSRC Promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidelines for the Articles of Association**”). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules – Overseas Listing Category No. 1, domestic enterprises that are directly listed overseas shall formulate its Articles of Association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or raising. A joint stock limited company shall be incorporated by one to 200 promoters, provided that at least more than half of the promoters must reside in the PRC. Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association.

A company’s promoter shall be liable for the followings: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (2) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights or creditor’s rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

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The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the PRC Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the type and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

Increase In Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholder’s meeting. The Articles of Association or the shareholders’ meeting may authorize the Board of Directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders’ meeting. Where the Board of Directors is authorized and decides to issue shares, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders’ meeting may not be needed to revise such item set forth in the Articles of Association of the company. Where the Articles of Association or the shareholders’ meeting of a company authorizes the Board of Directors to decide on issuing new shares, a resolution of the Board of Directors shall be adopted by two thirds of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders’ information and other information.

Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

- (I) the company shall prepare a balance sheet and an inventory of properties;
- (II) make a resolution at a shareholders’ meeting to reduce the registered capital;
- (III) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;

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- (IV) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and
- (V) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the Articles of Association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the PRC Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, the item (III) and item (IV) mentioned above shall not apply, but the resolution to reduce the registered capital shall be made by the shareholders’ meeting within 30 days from the date of the announcement in the newspapers or on the National Enterprise Credit Information Publicity System. After a company reduces its registered capital in accordance with the provisions of the preceding paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company’s registered capital.

When a company reduces its registered capital in violation of the provisions of the PRC Company Law, its shareholders shall refund the funds they have received, and if the capital contributions of the shareholders are reduced or exempted, such capital contributions shall be restored to the original status; if any loss is caused to the company, the shareholders and the liable directors, supervisors and senior management shall bear the liability for compensation.

Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

- (I) reduction of the registered capital of the company;
- (II) merger with another company that holds its shares;
- (III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;
- (IV) request from shareholders who object to a resolution of a shareholders’ meeting on merger or division of the company to acquire their shares by the company;

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- (V) use of shares for conversion of convertible corporate bonds issued by the listed company; and
- (VI) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a shareholders' meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (I) or item (II) above; for a company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (I) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders' meeting, provide financial aids for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds of all the directors.

Any director, supervisor or senior management who is liable for any loss to the company due to violation of the provisions of the preceding paragraph shall make compensations.

Transfer of Shares

The shares held by a shareholder of a company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the Articles of Association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the Articles of Association. Under the PRC Company Law, a shareholder should effect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of shares by a shareholder must be conducted by means of an endorsement

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or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders’ meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company’s listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors, supervisors and senior management of the company shall declare to the company the shares they hold and the changes thereof during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company’s listing on the 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. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and appoint the domestic company to file with the CSRC.

Shareholders

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights:

- (I) to be legally entitled to assets income, participate in significant decision-making and select management personnel;
- (II) to petition the people’s court to revoke any resolution of a shareholders’ meeting, a shareholders’ meeting or a meeting of the Board of Directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the Articles of Association of the company, or any resolution the contents of which is in violation of the laws, administrative regulations or the Articles of Association of the company, provided that such petition shall be submitted to the people’s court within 60 days of the passing of such resolution;

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- (III) to transfer his/her shares legally;
- (IV) to attend or appoint a proxy to attend shareholders’ meeting and exercise the voting rights;
- (V) to inspect and copy the Articles of Association of the company, share register, the minutes of shareholders’ meeting, board resolutions, resolutions of the Board of Supervisors and the financial and accounting reports, and to make suggestions or inquiries in respect of the company’s operations;
- (VI) to receive dividends in respect of the number of shares held;
- (VII) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and
- (VIII) any other shareholders’ rights provided for in laws, administrative regulations, other normative documents and the Articles of Association of the company.

The obligations of shareholders include the obligation to abide by the Articles of Association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company’s responsibilities in respect of the shares taken up by them and any other shareholder obligation specified in the Articles of Association of the company.

Shareholders’ meeting

The shareholders’ meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders’ meeting may exercise its powers:

- (I) to elect or replace the directors and supervisors and to decide on their remunerations;
- (II) to consider and approve the reports of the Board of Directors;
- (III) to consider and approve the reports of the Board of Supervisors;
- (IV) to consider and approve the company’s profit distribution and loss recovery proposals;
- (V) to decide on any increase or reduction of the company’s registered capital;
- (VI) to decide on the issue of corporate bonds;
- (VII) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

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(VIII) to amend the Articles of Association of the company; and

(IX) to exercise any other authority stipulated in the Articles of Association of the company.

The shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An interim shareholders' meeting is required to be held within two months upon the occurrence of any of the following:

- (I) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;
- (II) the total outstanding losses of the company amounted to one-third of the company's total capital stock;
- (III) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an interim shareholders' meeting;
- (IV) the Board of Directors deems necessary;
- (V) the Board of Supervisors so proposes; or
- (VI) any other circumstances as provided for in the Articles of Associations of the company.

A shareholders' meeting is 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 or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by more than half of directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders' meeting, the Board of Supervisors shall convene and preside over such meeting in a timely manner; if the Board of Supervisors fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the Board of Directors and the Board of Supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

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In accordance with the PRC Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders’ meeting is convened. Notice of the interim shareholders’ meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders’ meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the shareholder’s meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the shareholders’ meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The shareholders’ meeting shall not make any resolution on any matter not specified in the notice.

According to the PRC Company Law, shareholders present at shareholders’ meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders’ meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders’ meeting. Under the accumulative voting system, when the shareholders’ meeting elects directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively.

Under the PRC Company Law, the passing of any resolution at the shareholder’s meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholder’s meeting except in cases of proposed amendments to a Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder’s meeting.

Minutes shall be prepared in respect of matters considered at the shareholders’ 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

A joint stock limited company shall have a board. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the Board of Directors and have one director to exercise the functions and powers of the Board of Directors as prescribed by the PRC Company Law. If the Board of Directors of a company has more than three members, it may include an employees’ representative of the company. Where a company has 300 or more employees, the Board of Directors shall include the employees’ representatives of the company unless the Board of Supervisors has

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been established and includes employees' representatives of the company. The employees' representatives in the Board of Directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means.

The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the day when the company receives the notice.

However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue performing his/her duties.

Under the PRC Company Law, the Board of Directors may exercise the following powers:

- (I) to convene shareholders' meeting and report on its work to the shareholders' meeting;
- (II) to implement the resolutions passed by the shareholders at the shareholders' meeting;
- (III) to decide on the Company's operational plans and investment proposals;
- (IV) to formulate the Company's proposals for profit distribution and for recovery of losses;
- (V) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;
- (VI) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;
- (VII) to decide on the setup of the Company's internal management organs;
- (VIII) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company's deputy general manager and financial officer and his/her remuneration matters;
- (IX) to formulate the Company's basic management system; and
- (X) other authority stipulated in the Articles of Association or granted by the shareholders' meeting.

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Any restrictions on the functions and powers of the Board of Directors set out in the Articles of Association may not be asserted against any bona fide third party.

Under the PRC Company Law, a company may, under the Articles of Association, set up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. It may not have a Board of Supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the Board of Directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the Articles of Association, unless it is otherwise provided under the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

Meeting of the Board of Directors shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Supervisors 10 days before the meeting. Interim board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Board of Supervisors. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the board meeting. The Board of Directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the Board of Directors.

No meeting of the Board of Directors may be held unless more than half of the directors are present. A resolution made by the Board of Directors shall be adopted by more than half of all the directors. For voting on a resolution of the Board of Directors, each director shall have one vote. The Board of Directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the Board of Directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the Board of Directors. Where a resolution of the Board of Directors is in violation of any law, administrative regulation, Article of Association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

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Under the PRC Company Law, the following person may not serve as a director of the company:

- (I) devoid of or with restricted civil conduct ability;
- (II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence;
- (III) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;
- (IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and
- (V) being listed as a dishonest person subject to enforcement by the people’s court due to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

In addition, the Guidelines for Articles of Association of Listed Companies further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (1) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (2) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

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 meeting 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 nominated by more than half of the directors shall perform his/her duties.

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Board of Supervisors

A joint stock limited company shall have a Board of Supervisors composed of three members or more. However, a joint stock limited company (i) with a relatively small scale or relatively small number of shareholders may dispense with the Board of Supervisors, but may have one supervisor, who shall exercise the functions and powers of the Board of Supervisors, and (ii) may not have a Board of Supervisors or supervisors if it sets up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. The Board of Supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the Company's staff, of 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 Board of Supervisors shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise.

The Board of Supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by more than half of all the supervisors. Directors and senior management shall not act concurrently as supervisors. The chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the vice chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the Board of Supervisors meeting.

The supervisors serve three-year terms. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. 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 supervisors results in the number of supervisors being less than the quorum.

The Board of Supervisors may exercise its powers:

- (I) to review the company's financial position;
- (II) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of the shareholders' meeting;
- (III) when the acts of a director or senior management are detrimental to the company's interests, to require the director and senior management to correct these relevant acts;

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- (IV) to propose the convening of extraordinary shareholders’ meeting and to convene and preside over shareholders’ meeting when the board fails to perform the duty of convening and presiding over shareholders’ meeting under the PRC Company Law; (V) to submit proposals to the shareholders’ meeting;
- (VI) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and
- (VII) to exercise any other authority stipulated in the Articles of Association.

Supervisors may be present at board meeting and make inquiries or proposals in respect of the resolutions of the Board of Directors. The Board of Supervisors 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

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the Board of Directors. The manager shall be responsible to the Board of Directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager shall attend the meeting of the Board of Directors as a non-voting member.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the Board of Directors of a listed company and other personnel as stipulated in the Articles of Association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management shall comply with laws, administrative regulations and the Articles of Association.

Directors, supervisors and senior management shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. The directors, supervisors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

The provisions of the preceding paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but actually executes the affairs of the company.

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In the meantime, directors, supervisors and senior management are prohibited from:

- (I) embezzling the property or misappropriating the funds of the company;
- (II) depositing company funds into accounts under their own names or the names of other individuals;
- (III) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;
- (IV) accept commissions from transactions between others and the company for their own benefits;
- (V) unauthorized divulgence of confidential information of the company; and
- (VI) other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes laws, administrative regulations or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. The Board of Supervisors may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the Board of Supervisors, none of them may impede the exercise of powers by the Board of Supervisors or supervisors.

Where the directors and senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the Board of Supervisors to initiate proceedings in the people's court.

Where the supervisors violate the laws, administrative regulations or the Articles of Association in performance of duties resulting in any loss to the company, the aforementioned shareholder(s) may request in writing that the Board of Directors institute litigation at a people's court. Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Board of Supervisors or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people's court in accordance with the procedure

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described above. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people’s court.

If a director, supervisor or senior management of a wholly-owned subsidiary of the company violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholders of a limited liability company or shareholders of a joint stock limited company individually and jointly holding 1% or more of the total shares of the company for 180 consecutive days or more may request the Board of Supervisors or the Board of Directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people’s court or directly files a lawsuit with the people’s court in their own name.

Finance, Accounting and Profit Distribution

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company’s financial and accounting reports shall be made available for shareholders’ inspection at the company within 20 days before the convening of an annual shareholder’s meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year’s after-tax profits, the company shall set aside 10% of its after-tax profits for the company’s statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the PRC company’s registered capital, it may no longer be allocated. When the company’s statutory common reserve fund is not sufficient to make up for the company’s losses for the previous years, the current year’s profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders’ meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association. Profit shall not be distributed for a company’s shares held by this company.

Where a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior management shall be held liable for compensation if any loss is caused to the company.

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If the shareholders’ meeting resolves to distribute profits, the Board of Directors shall do so within six months after the resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company’s funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company’s registered capital.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders’ meeting, the Board of Directors or the Board of Supervisors in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders’ meeting, the Board of Directors or the Board of Supervisors 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 misrepresentation of information.

Amendment to Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders’ meeting regarding any amendment to a company’s Articles of Association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association approved by the resolution of the shareholder’s meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

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Dissolution and Liquidation

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

- (I) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;
- (II) the shareholders' meeting has resolved to dissolve the company;
- (III) the company is dissolved by reason of its merger or division;
- (IV) the business license of the company is revoked or the company is ordered to closedown or to be dissolved in accordance with the laws; or
- (V) Where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in Items (I) or (II) of the paragraph above and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders' meeting is required.

Where the company is dissolved under the circumstances set forth in item (I), (II), (IV) or (V) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

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The liquidation committee may exercise following powers during the liquidation:

- (I) to verify the Company’s assets and to prepare a balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with and settle any outstanding business of relevant company;
- (IV) to pay all outstanding taxes and the taxes arising during the liquidation process;
- (V) to settle claims and debts;
- (VI) to distribute the company’s remaining assets after its debts have been paid off; and
- (VII) to represent the company in civil lawsuits.

The liquidation committee shall notify the company’s creditors within 10 days of its establishment, and publish an announcement in newspapers or on 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.

The creditors shall explain matters relating to their claims and provide evidential documents. The liquidation committee shall register the creditor’s claims. In the claims declaration period, the liquidation committee shall not make repayment to the creditors.

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’ 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 fees 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 its existence 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.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people’s court for bankruptcy liquidation. After the people’s court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.

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The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders’ meeting or the people’s court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon a commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

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The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances:

- (I) the listing and financing fall under specific prohibition in the laws, administrative regulations, and relevant national provisions;
- (II) the overseas offering and listing may constitute endangerment to national security as reviewed and determined by competent authorities under the State Council in accordance with law;
- (III) the domestic company and its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;
- (IV) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;
- (V) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

- (I) change of control;
- (II) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;
- (III) change of the listing status or transfer of listing board;
- (IV) voluntary or compulsory termination of listing.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises, which was issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or

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entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people’s court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people’s court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

Pursuant to the PRC Company Law, 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 on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company’s assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company’s division is approved, 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 on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

THE PRC SECURITIES LAW, REGULATIONS AND REGULATORY REGIMES

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 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 CSRC. The CSRC is the regulatory executive body of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public

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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 two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

The Securities Law of the PRC (《中華人民共和國證券法》) (the “**PRC Securities Law**”) took effect 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 latest revised PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

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 SCNPC 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 had entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people’s court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court unless the arbitration agreement is invalid.

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 any party fails to comply with the arbitral award, the other party to the award may apply to a people’s court for its enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

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Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case 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**”) adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC’s accession to the Convention, the SCNPC declared that (I) the PRC would only apply the 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 be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People’s Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People’s Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and 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》), which became effective on February 1, 2000. The Supreme People’s Court of China issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which went into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in mainland China. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may be ignored.

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SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

This appendix contains a summary of the principal provisions of the Articles of Association of the Company which will be effective from the date of [REDACTED] of H Shares on the Hong Kong Stock Exchange.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall take the form of share certificates. All shares issued by the Company shall be denominated in RMB and have a par value of RMB[REDACTED].

The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class shall carry the same rights.

Shares of the same class and the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares which it/he/she subscribes for.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Capital Increase

In light of the Company’s operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations, the regulatory rules of the place where the shares of the Company are [REDACTED] and subject to a resolution of the general meeting, by any of the following methods:

- (I) public offering of shares;
- (II) private placement of shares;
- (III) placement or allotment of bonus shares to existing shareholders;
- (IV) conversion of reserve funds to share capital;
- (V) other methods permitted by laws, administrative regulations, the CSRC and the Hong Kong Stock Exchange.

Capital Reduction

The Company may reduce its registered capital. Any reduction of the Company’s registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company’s shares are [REDACTED], as well as the Articles of Association.

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Transfer of Shares

Shares already issued by the Company before the [REDACTED] shall not be transferred within one year of the date on which the shares of the Company are [REDACTED] on the [REDACTED].

The directors, supervisors, and senior management of the Company shall declare, to the Company, the information on their holdings of the shares of the Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed 25% of the total shares of the same class they hold in the Company. The shares that they hold in the Company shall not be transferred within one year of the date on which the shares of the Company are [REDACTED] and [REDACTED]. The aforesaid persons shall not transfer their shares of the Company within half a year from the date of their resignation. If the shareholders of the Company have a commitment to restrict the transfer of the company's shares held for a longer period of time, their commitment shall prevail.

Where relevant requirements of the securities regulatory authorities in the place where the Company's shares are [REDACTED] contain any other provisions on the transfer restrictions of H Shares, such provisions shall prevail.

Where the Company's directors, supervisors, senior management or shareholders who hold 5% or more of the Company's shares sell the Company's shares or other securities with the nature of equity they hold within six months of the relevant purchase, or purchase any share they have sold within six months of the relevant sale, the proceeds generated therefrom shall be incorporated into the profits of the Company, and the Board of Directors of the Company shall recover the proceeds. However, the following circumstances shall be excluded where a securities company holds 5% or more of the shares of the Company due to its purchase of any remaining shares under best efforts underwriting or where the provisions of the CSRC and securities regulatory authorities in the place where the Company's shares are listed are applicable.

Shares or other securities with the nature of equity held by directors, supervisors, senior management and natural person shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, and held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the first paragraph of this article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the people's court in their own names for the interest of the Company.

If the Board of Directors fails to implement the provisions set forth in the first paragraph of this article, the responsible directors shall bear joint and several liability in accordance with law.

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REGISTER OF SHAREHOLDERS

The Company shall establish a register of shareholders in accordance with certificates from the share registrar. The register of shareholders shall be ample evidence of holding of the Company’s shares by a shareholder. Shareholders shall enjoy rights and assume obligations according to the class of shares held by him/her; shareholders who hold existing shares of the same class shall enjoy the equal rights and assume the equal obligations.

When the Company convenes the general meeting, distributes dividends, conducts liquidation or engages in other acts requiring the identification of shareholders, the Board of Directors or the convener of the general meeting should determine the record date. The shareholders whose names appear on the register of shareholders after the trading hours on the record date shall be those entitled to the relevant rights and interests.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other distributions in proportion to the number of shares held;
- (II) the right to request, convene, preside over, attend or appoint proxy (ies) to attend the general meeting and to exercise the corresponding right to vote according to law;
- (III) the right to supervise, present proposals or raise enquiries in respect of the Company’s operations;
- (IV) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;
- (V) the right to inspect and copy the Articles of Association, register of shareholders, minutes of general meetings, resolutions of the Board of Directors, resolutions of the Supervisory Committee and financial and accounting reports;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held, Shareholders who meet the requirements can check the Company’s accounting books and accounting vouchers;
- (VII) shareholders who object to resolutions of merger or division made by the general meeting may request the Company to purchase the shares they hold;

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(VIII) other rights provided for by laws, administrative regulations, departmental rules, the securities regulatory rules in the place where the Company's shares are [REDACTED] or the Articles of Association.

Shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations, departmental rules, the securities regulatory rules in the place where the Company's shares are [REDACTED] and the Articles of Association;
- (II) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (III) not to return shares unless prescribed otherwise in laws and regulations;
- (IV) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors;
- (V) to assume other obligations required by laws, administrative regulations, the securities regulatory rules in the place where the Company's shares are [REDACTED] and the Articles of Association.

Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with law; any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and causes severe harms to the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

The controlling shareholders and the actual controllers of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they violate such provision and caused losses to the Company, they shall be liable for compensation.

The controlling shareholders and the actual controllers of the Company shall have fiduciary duties towards the Company and [REDACTED] of the Company. The controlling shareholders shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholders shall not do harm the legitimate rights and interests of the Company and [REDACTED] by means of profit distribution, asset restructuring, external investment, and shall not make use of its controlling status against the interests of the Company and [REDACTED].

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GENERAL MEETING

General Provisions of the General Meetings

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers:

- (I) to elect and replace the directors and supervisors who are not employee representatives and to decide on the matters relating to the remuneration of directors and supervisors;
- (II) to consider and approve the reports of the Board of Directors;
- (III) to consider and approve the reports of the Supervisory Committee;
- (IV) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (V) to make a resolution on the increase or decrease of the registered capital of the Company;
- (VI) to make a resolution on the issuance of corporate bonds or other securities and listing plans;
- (VII) to make a resolution on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (VIII) to amend the Articles of Association;
- (IX) to make a resolution on the Company’s engagement or dismissal of engagement of an accounting firm;
- (X) to consider and approve the guarantees prescribed in the provisions of the Articles of Association hereof;
- (XI) to consider the purchase or sale of major assets of the Company in excess of 30% of the Company’s latest audited total assets within one year;
- (XII) to consider and approve changes in the use of proceeds;
- (XIII) to consider the equity incentive plans and employee shareholding schemes;
- (XIV) to consider other matters on which decisions shall be made by the general meeting as required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are [REDACTED] and the Articles of Association.

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The general meetings may authorize the board of directors to make resolutions on the issuance of corporate bonds or other securities and the listing plan.

Except as otherwise provided by laws, administrative regulations, regulations of the CSRC, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are [REDACTED], the aforesaid functions and powers of the general meeting shall not be exercised by the Board of Directors or other bodies and individuals through any form of authorization.

The general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous accounting year.

In any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (I) when the number of directors falls short of the minimum number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;
- (III) when shareholders individually or jointly holding 10% or more of the outstanding shares of the Company with voting rights request in writing to convene an extraordinary general meeting (the number of the shares held is calculated based on the date that shareholders made such written request);
- (IV) when the Board of Directors deems it necessary;
- (V) when the Supervisory Committee proposes to hold such a meeting;
- (VI) other circumstances as stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are [REDACTED] or the Articles of Association.

Convening of General Meeting

Independent directors shall be entitled to submit a proposal to the Board of Directors on holding an extraordinary general meeting. For such a proposal, the Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

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Where the Board of Directors agrees to hold an extraordinary general meeting, a notice of the general meeting shall be given within five days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to hold such a meeting, its reasons shall be given and an announcement shall be made.

The Supervisory Committee shall be entitled to submit a proposal in writing to the Board of Directors on holding an extraordinary general meeting. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

Where the Board of Directors agrees to hold an extraordinary general meeting, a notice of general meeting shall be given within five days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval from the Supervisory Committee.

Where the Board of Directors does not agree to hold an extraordinary general meeting or fails to give a reply within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty of convening a general meeting. In such case, the Supervisory Committee may convene and preside over the meeting on its own.

Shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, adding motions to the agenda of the meeting and such request shall be made to the Board of Directors in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within 10 days upon receipt of the request in accordance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association.

Where the Board of Directors agrees to hold an extraordinary general meeting, it shall issue a notice of the general meeting within five days after the resolution was made. Any change to the original request in the notice shall be subject to the approval from the relevant shareholders.

Where the Board of Directors does not agree to hold an extraordinary general meeting or fails to give a reply within 10 days upon receipt of the request, shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to submit a proposal to the Supervisory Committee on holding an extraordinary general meeting, adding motions to the agenda of the meeting and such request shall be made to the Supervisory Committee in writing.

Where the Supervisory Committee agrees to hold an extraordinary general meeting, it shall issue a notice of general meeting within five days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

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Where the Supervisory Committee fails to give the notice of the general meeting within the specified time limit, it shall be deemed that the Supervisory Committee does not convene or preside over the meeting, in which case, shareholders who individually or together hold 10% or more of the shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.

Proposals of General Meeting

When the Company convenes a general meeting, the Board of Directors, the Supervisory Committee and shareholders who individually or together hold 1% or more of the shares of the Company are entitled to put forward a proposal to the Company.

Shareholders individually or together holding 1% or more of the shares of the Company can put forward a temporary proposal 10 days before the general meeting is held and submit the proposal to the convener of the meeting in writing. The convener shall issue a supplemental notice within two days upon receiving such proposal and notify shareholders of the content of such proposal.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not change the proposals specified in the notice of the general meeting or add new proposals after sending the notice of the general meeting.

The general meeting shall not vote or resolve on proposals not contained in the notice of the general meeting or not in compliance with the Articles of Association.

Notification of General Meeting

The convener shall notify each shareholder in the form of announcement 20 days prior to an annual general meeting and shall notify each shareholder in the form of announcement 15 days prior to an extraordinary general meeting.

Holding of General Meeting

All shareholders whose names appear on the register of shareholders on the record date or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association.

A shareholder may either attend the general meeting in person or appoint a proxy to attend and vote at such meeting on his/her behalf.

An individual shareholder who attends the meeting in person shall produce his/her own identification card or other valid documents or proof evidencing his/her identity. If a shareholder appoints a proxy to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder.

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A corporate shareholder or other institutional shareholder shall attend the meeting by its legal representative/executive partner or proxy appointed by the legal representative/executive partner. Where the legal representative/executive partner attends the meeting, he/she shall produce his/her own identification card, valid certificates evidencing his/her capacity as the legal representative/executive partner. Where a proxy is appointed to attend the meeting, he/she shall produce his/her own identification card, the written power of attorney issued by the legal representative/executive partner of the corporate or institutional shareholder according to law.

If the shareholder is a recognized clearing house (or its nominee) as defined in the relevant ordinances enacted in Hong Kong from time to time, such shareholder may authorize one or more persons as he/she deems appropriate to act on his/her behalf at any general meetings; however, if more than one persons are thus authorized, the power of attorney shall specify the numbers and classes of shares in respect of which such persons are authorized, and signed by the authorized person of the recognized clearing house. The person (s) so authorized may attend the meeting and exercise the rights on behalf of the recognized clearing house (or its nominee) without producing certificates of shareholding, the notarized power of attorney and/or further evidence to prove that he/she has been duly authorized as if such person is an individual shareholder of the Company.

Resolution at the General Meeting

The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted by a simple majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

A special resolution shall be adopted by a two-thirds or more of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

The following matters shall be approved by the general meeting through ordinary resolutions:

- (I) work report of the Board of Directors and the Supervisory Committee;
- (II) the profit distribution plans and loss recovery plans drafted by the Board of Directors;
- (III) appointment or dismissal of the members of the Board of Directors and the Supervisory Committee, and their payment and payment methods;

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- (IV) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are [REDACTED] and the Articles of Association.

The following matters shall be approved by special resolution at the general meeting:

- (I) the increase or reduction of the registered capital of the Company;
- (II) the division, spin-off, merger, dissolution and liquidation;
- (III) the amendment to the Articles of Association;
- (IV) the purchases or sales of material assets by the Company within one year or the guarantee amount exceeding 30% of the latest audited total assets of the Company;
- (V) the formulation, modification and implementation of the share incentive plan scheme;
- (VI) other matters stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are [REDACTED], or the Articles of Association, as well as other matters that the general meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the general meeting and may further be removed from their office prior to the conclusion of the term thereof by the general meeting. Directors shall serve a term of three years for each session. A director shall be eligible for re-election and re-appointment upon the expiration of his/her term.

The term of office of a director shall commence from the date on which the said director assumes office until the expiry of the term of office of the current session of the Board of Directors. A director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules, Hong Kong Listing Rules and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

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Board of Directors

The Board of Directors shall consist of nine to eleven directors, with one chairman. At all times, the Board of Directors shall have more than one-third independent directors, and the total number of independent directors shall not be less than three. At least one independent director shall have appropriate professional qualifications in line with regulatory requirements or be equipped with appropriate accounting or relevant financial management expertise.

The Board of Directors shall exercise the following functions and powers:

- (I) to convene the general meeting and report to the general meeting;
- (II) to implement resolutions of the general meeting;
- (III) to decide on the Company’s business plans and investment plans;
- (IV) to formulate the Company’s profit distribution plans and plans on making up losses;
- (V) to formulate proposals for the increase or reduction of the registered capital, the issuance of debentures or other securities of the Company and the [REDACTED] plan of the Company;
- (VI) to formulate plans for the Company’s major acquisition, repurchase of the shares of the Company, or merger, division, dissolution or change of corporate form of the Company;
- (VII) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, connected transactions, donations and external borrowing of the Company within the scope of authorization by the general meeting;
- (VIII) to decide on establishment of internal management organs of the Company;
- (IX) to decide on the appointment or dismissal of the Company’s general manager, secretary to the Board of Directors and other members of the senior management and decide on matters of their remuneration and rewards and punishments; according to the nomination of the general manager, decide to appoint or dismiss the Company’s deputy general manager, chief financial officer and other senior management, and decide on matters of their remuneration, rewards and punishments;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate proposals to amend the Articles of Association;

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- (XII) to manage the Company's information disclosures;
- (XIII) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- (XIV) to listen to the work report of the general manager of the Company and to inspect the work of the general manager;
- (XV) To consider and approve the handling of the shares held by the domestic shareholders of the Company transferred to overseas investors, or the domestic shareholders of the Company are allowed to transfer their shares to overseas [REDACTED] shares and [REDACTED] the said shares on overseas stock exchanges;
- (XVI) other functions and powers provided for in laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association.

Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for deliberation.

If a director is associated with the enterprises that are involved in the matters to be resolved at a Board meeting, he/she shall not exercise his/her voting rights for such matters, nor shall exercise voting rights on behalf of other directors. Such Board meeting can be held if more than one half of the non-connected directors attend and the resolutions made by the Board meeting shall be passed by more than half of the non-connected directors. If less than three non-connected directors present at such meeting, relevant resolutions shall be submitted to the general meeting for consideration.

SENIOR MANAGEMENT

General Manager

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors, and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;
- (II) to organize the implementation of the Company's annual business plans and investment plans;

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- (III) to draft plans for the establishment of the Company's internal management organization;
- (IV) to draft the Company's basic management system;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the Board of Directors on the appointment or dismissal of chief financial officer of the Company;
- (VII) to decide on appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager may attend the meetings of the Board of Directors.

Secretary to the Board of Directors

The Company shall have a secretary to the Board of Directors, who is responsible for preparing for the general meeting and the meetings of the Board of Directors, keeping documents and shareholders' materials and handling matters relating to information disclosure, etc.

The secretary to the Board of Directors shall abide by the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association. A director or other members of the senior management of the Company may also act as the secretary to the Board of Directors of the Company. An accountant of the accounting firm engaged by the Company shall not act concurrently as the secretary to the Board of Directors.

SUPERVISORY COMMITTEE

The Company shall have a Supervisory Committee. The Supervisory Committee consists of three supervisors and shall have one chairman. The chairman of the Supervisory Committee shall be elected by more than half of the supervisors. The chairman of the Supervisory Committee shall convene and preside over meetings of the Supervisory Committee. Where the chairman of the Supervisory Committee is incapable of performing or is not performing his/her duties, a supervisor recommended by half or more of the supervisors shall convene and preside over meetings of the Supervisory Committee.

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The Supervisory Committee shall include shareholder representatives and an appropriate proportion of company employee representatives, of which the proportion of employee representatives shall not be less than one-third. Employee representatives on the Supervisory Committee shall be democratically elected and removed by employees through the employee representative congress, the employee congress, or any other means. The shareholder representatives in the Supervisory Committee shall be elected and removed by the general meeting.

The Supervisory Committee shall exercise the following functions and powers:

- (I) to review and give written opinions on the periodic reports of the Company prepared by the Board of Directors;
- (II) to examine the Company's financial matters;
- (III) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;
- (IV) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;
- (V) to propose the convening of extraordinary general meetings; to convene and preside the general meeting in the event that the Board of Directors fails to perform its duties to convene and preside the general meeting in accordance with the Company Law and the Articles of Association;
- (VI) to submit proposals to the general meeting;
- (VII) to file lawsuits against directors and senior management in accordance with Article 189 of the Company Law;
- (VIII) in case of any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company;
- (IX) other functions and powers provided for in the Articles of Association and conferred by the general meeting.

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FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall develop its financial and accounting systems pursuant to laws, administrative regulations and the requirements of the competent authorities of China. If the securities regulators of the place where shares of the Company are [REDACTED] provide otherwise, such provisions shall prevail.

NOTICE

The notices of the Company may be sent out in the following manner:

- (I) by personal delivery;
- (II) by mail;
- (III) by fax, e-mail, text message, etc., in a way that tangentially represents the contents of the contents;
- (IV) by announcement;
- (V) other means stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the company’s shares are [REDACTED], and the Articles of Association.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may be dissolved for the following reasons:

- (I) the term of business operation as stipulated by the Articles of Association expires or other circumstances for dissolution as stipulated by the Articles of Association arise;
- (II) the general meeting resolves to dissolve the Company;
- (III) dissolution is necessary as a result of the merger or division of the Company;
- (IV) the business license is revoked or it is ordered to close down or it is deregistered according to law;
- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding 10% or more of all shareholders’ voting rights of the Company may petition a people’s court to dissolve the Company.

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Where the Company is to be dissolved pursuant to items (I), (II), (IV) and (V) above of the Articles of Association, a liquidation committee shall be established within 15 days from the date when the event of dissolution occurs and commence the liquidation process. The liquidation committee shall be composed of directors or members determined by the general meeting, however, unless otherwise provided in the Articles of Association or the resolution of the general meeting to elect another person.

If the liquidation obligor fails to perform the liquidation obligation in a timely manner and causes losses to the company or creditors, it shall be liable for compensation.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law, or relevant laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are [REDACTED], the Articles of Association run counter to the amended laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are [REDACTED];
- (II) the conditions of the Company have changed, and such change is not covered in the Articles of Association;
- (III) the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by the general meetings need the examination and approval of the competent authorities, these amendments shall be submitted thereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

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FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our predecessor Company was established as a limited liability company in the PRC on January 4, 2019 under the laws of the PRC and was converted into a joint stock company with limited liability on February 24, 2025. As of the Latest Practicable Date, the registered share capital of our Company was RMB94,588,235.

Our Company has established a place of business in Hong Kong at 46/F Hopewell Centre, 183 Queen’s Road East, Wan chui, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on April 23, 2025. Ms. Leung Hoi Yan 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 the Share Capital of Our Company

Save as disclosed in “History, Development and Corporate Structure” in this document, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Save as disclosed below and in “History, Development and Corporate Structure” in this document, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

Jiahua (Haiyan) Energy Technology Co., Ltd.* (佳化(海鹽)儲能科技有限公司), a subsidiary of our Company, increased its registered capital from RMB1,000,000 to RMB1,870,000 on July 24, 2024.

4. Resolutions of Our Shareholders

Pursuant to a general meeting of our Shareholders held on April 18, 2025, the following resolutions, among others, were passed by our Shareholders:

- (a) the [REDACTED] has been approved and the Board has been authorized to apply for the [REDACTED] of our H Shares on the [REDACTED] as well as to approve matters in relation to the [REDACTED];
- (b) the issue by our Company of H Shares with a nominal value of RMB[REDACTED] each up to [REDACTED] H Shares in total (assuming the [REDACTED] is fully exercised) and such H Shares be [REDACTED] on the [REDACTED], effective upon [REDACTED];

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- (c) subject to the completion of filing with CSRC, upon completion of the Share Subdivision and the [REDACTED], [REDACTED] will be converted into H Shares on a one-for-one basis (“**Full Circulation**”);
- (d) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares;
- (e) authorization of the Board and its authorized persons to deal with, individually or jointly, all matters relating to the application for the Full Circulation; and
- (f) the Board has been authorized to revise and amend the Articles of Association, which shall become effective on the [REDACTED], in accordance with relevant laws, regulations and regulatory documents, the requirements and recommendations of the relevant regulatory authorities and the actual situation of the [REDACTED].

FURTHER INFORMATION ABOUT THE BUSINESS OF THE 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) the investment agreement dated March 23, 2024 and entered into by our Company, Kaibo Hongcheng, Mr. Feng and Shanghai Xuding pursuant to which Kaibo Hongcheng agreed to subscribe for the increased registered capital of our Company of RMB602,060 at the consideration of RMB30 million (the “**2024 Kaibo Agreement**”);
- (b) the investment agreement dated March 28, 2025 and entered into by our Company, Kaibo Hongcheng, Mr. Feng and Shanghai Xuding pursuant to which Kaibo Hongcheng agreed to subscribe for 4,117,647 Shares at the consideration of RMB70 million;
- (c) the investment agreement dated April 16, 2025 and entered into by our Company, Shenzhen Ningqian, Mr. Feng and Shanghai Xuding pursuant to which Shenzhen Ningqian agreed to subscribe for 470,588 Shares at the consideration of RMB30 million;
- (d) the supplemental agreement dated April 19, 2025 and entered into by Kaibo Hongcheng, our Company, Mr. Feng and Shanghai Xuding pursuant to which the parties agreed that, among others, the special rights granted to shareholders under the original capital increase agreement signed by the parties in March 23, 2024;

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- (e) the supplemental agreement dated April 19, 2025 and entered into by our Company, Feng Lizheng(馮立正), Hainan Xuding, Wuxi Yuebai, Zhang Panpan (張盼盼), Zhou Jing (周瓊), Xu Siyue (許似月), Liu Xin (劉鑫) and Cui Yanan (崔雅楠) pursuant to which the parties agreed that, among others, the special rights granted to shareholders under the original capital increase agreement signed by the parties in March 2023 were terminated on the date of such supplemental agreement;
- (f) the supplemental agreement dated April 19, 2025 and entered into by our Company, Cai Guoming (蔡國明), Lin Guodong (林國棟), Hainan Xuding, Chen Junde (陳俊德), Shenzhen Shangxing Investment Development Co., Ltd.* (深圳市尚行投資發展有限公司) and Feng Lizheng (馮立正) pursuant to which the parties agreed that, among others, the special rights granted to Cai Guoming and Lin Guodong under the original capital increase agreement signed by the parties in December 2022 were terminated on the date of such supplemental agreement;
- (g) the Deed of Non-Competition;
- (h) the Deed of Indemnity; and
- (i) the [REDACTED].

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks in the PRC, which we consider to be or may be material to our business:

No.	Trademark	Owner	Registration Number	Class	Place of Registration	Expiry Date
1		Our Company	63096692	9	PRC	December 27, 2032
2		Our Company	60485665	9	PRC	July 20, 2032
3		Our Company	37221497	9	PRC	February 20, 2030

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No.	Trademark	Owner	Registration Number	Class	Place of Registration	Expiry Date
4		Our Company	29883849	9	PRC	April 6, 2029
5		Jiangsu Hanchu	66086355	42	PRC	March 6, 2033
6		Jiangsu Hanchu	66067628	9	PRC	February 6, 2033
7		Jiangsu Hanchu	66072848	35	PRC	January 27, 2033
8		Jiangsu Hanchu	62793853	9	PRC	August 20, 2032
9		Jiangsu Hanchu	62787226	35	PRC	August 27, 2032

(b) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our Group’s business:

No.	Patent	Patent Number	Patentee(s)	Category	Date of Application
1	Energy Storage Scheduling Method And System Considering Weather And Economy	ZL202311197418.1	Our Company	Invention	September 15, 2023
2	Energy Storage Battery-Based Wireless Ad Hoc Network Method And System	ZL202311201146.8	Our Company	Invention	September 15, 2023
3	Temperature-Controlled New Energy Battery Box	ZL202311027322.0	Our Company	Invention	August 15, 2023
4	Battery Box Heat Dissipation Device For Shunting Hot Air	ZL202310482894.1	Our Company	Invention	May 4, 2023

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No.	Patent	Patent Number	Patentee(s)	Category	Date of Application
5	SOH Estimation Method For Household Energy Storage System	ZL202310863713.X	Our Company	Invention	July 13, 2023
6	SOC Estimation Method For Household Energy Storage System	ZL202310862965.0	Our Company	Invention	July 13, 2023
7	Automatic Cloud Connection Method Based On Network Signal Analysis	ZL202310395527.8	Our Company	Invention	April 13, 2023
8	Cloud Platform Big Data-Based Cell Consistency Evaluation Method	ZL202310417467.5	Our Company	Invention	April 18, 2023
9	Circulating Heat Dissipation Type New Energy Battery Box	ZL202311203593.7	Our Company	Invention	September 19, 2023
10	Air-Cooled Heat Dissipation Structure Of New Energy Battery Box	ZL202310446309.2	Our Company	Invention	April 24, 2023
11	Distributed Energy Storage Collection Policy Control Method Based On Multi-Level Architecture	ZL202310395871.7	Our Company	Invention	April 13, 2023
12	Energy Storage Battery Failure Risk Assessment Method Based On Big Data	ZL202310424785.4	Our Company	Invention	April 19, 2023
13	Energy Storage Collection Method And System With Real-Time Soc Correction Compensation	ZL202310493413.7	Our Company	Invention	April 28, 2023
14	Air-Cooled Battery Outdoor Cabinet And Method For Using Same	ZL202311082402.6	Our Company	Invention	August 28, 2023

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No.	Patent	Patent Number	Patentee(s)	Category	Date of Application
15	Energy Storage Battery Cross-Module Active Equalization Method And System Based On Cloud Interaction	ZL202310397619.X	Our Company	Invention	April 13, 2023
16	New Energy Battery Box With Bottom Surface Air-Cooled Heat Dissipation Structure	ZL202310579231.1	Our Company	Invention	May 23, 2023
17	New Energy Efficient Heat Dissipation Battery Box	ZL202310464279.8	Our Company	Invention	April 27, 2023
18	Energy Storage Battery	ZL202420035345.X	Our Company	Utility Model	January 8, 2024
19	Welding Tool Fixture	ZL202323462456.3	Our Company	Utility Model	December 19, 2023
20	Wiring Harness Isolation Board Of Energy Storage Battery	ZL202321704677.4	Our Company	Utility Model	June 30, 2023
21	Battery Swapping Battery Housing	ZL202221614111.8	Our Company	Utility Model	June 24, 2022
22	Energy Storage Battery Welding Fixture	ZL202222077793.X	Our Company	Utility Model	August 9, 2022
23	Intelligent Charging Cabinet Structure	ZL202022392454.1	Our Company	Utility Model	October 23, 2020
24	Intelligent Charging Pile Structure	ZL202022393785.7	Our Company	Utility Model	October 23, 2020
25	Intelligent Battery Replacement Cabinet Structure	ZL202022394711.5	Our Company	Utility Model	October 23, 2020
26	Air Cooler (26S16SRACK)	ZL202330424528.1	Our Company	Design	July 7, 2023
27	Air Cooler (1P8S)	ZL202330391586.9	Our Company	Design	June 26, 2023
28	Liquid Cooler (52S8Srack)	ZL202330269053.3	Our Company	Design	May 10, 2023
29	High-Voltage Box (60MWh)	ZL202330357738.3	Our Company	Design	June 12, 2023

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No.	Patent	Patent Number	Patentee(s)	Category	Date of Application
30	High-Voltage Box (372kWh)	ZL202330358974.7	Our Company	Design	June 12, 2023
31	Fuse	ZL202330427468.9	Our Company	Design	July 10, 2023
32	High-Voltage Box (80MWh)	ZL202330357746.8	Our Company	Design	June 12, 2023
33	Air Cooler (1P26SPACK)	ZL202330288276.4	Our Company	Design	May 17, 2023
34	Conductive Connector	ZL202330367876.X	Our Company	Design	June 15, 2023
35	Output Pole Base	ZL202330375664.6	Our Company	Design	June 19, 2023
36	Air Cooler (1P16SPACK)	ZL202330237227.8	Our Company	Design	April 26, 2023
37	Energy Storage Battery	ZL202330263535.8	Our Company	Design	May 8, 2023
38	Energy Storage Battery	ZL202330189110.7	Our Company	Design	April 10, 2023
39	Energy Storage Battery	ZL202222091128.6	Jiangsu Hanchu	Utility Model	August 9, 2022
40	Aluminum End Plate For Square Battery Cell Module	ZL202230779581.9	Jiangsu Hanchu	Design	November 22, 2022
41	Wall-Mounted Energy Storage Battery	ZL202230293987.6	Jiangsu Hanchu	Design	May 18, 2022
42	A Fan-Cooled Lithium Battery Tray with Uniform Airflow	ZL202422795457.8	Our Company	Utility Model	November 18, 2024
43	Energy Storage Battery	ZL202430725105.8	Our Company	Design	November 15, 2024
44	Energy Storage Battery	ZL202430725100.5	Our Company	Design	November 15, 2024
45	Energy Storage Battery	ZL202430725110.9	Our Company	Design	November 15, 2024
46	Energy Storage Battery	ZL202430725101.X	Our Company	Design	November 15, 2024

Notes:

- (1) The utility models set out in this form are valid for ten years from the date of application.
- (2) The designs set out in this form are valid for 15 years from the date of application.
- (3) The inventions set out in this form are valid for 20 years from the date of application.

APPENDIX VI STATUTORY AND GENERAL INFORMATION

(c) *Copyrights*

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be material to our Group’s business:

No.	Name of Copyright	Owner	Registration Number	Type	Registration Date
1	EMS Device Remote Centralized Control System	Our Company	2024SR2164721	Software	December 23, 2024
2	PCS Energy Storage Inverter Debugging Software	Our Company	2024SR2164635	Software	December 23, 2024
3	Smart Work System	Our Company	2024SR2164719	Software	December 23, 2024
4	iESS Energy Storage Merchant Operation Management System	Our Company	2024SR1918001	Software	November 27, 2024
5	EMS Energy Storage Management System APP	Our Company	2024SR1845327	Software	November 20, 2024
6	EMS Energy Management Platform	Our Company	2024SR1832257	Software	November 19, 2024
7	Online Debugging System For Energy Storage Device	Our Company	2024SR1548389	Software	October 17, 2024
8	Intelligent Tailored Energy Storage SaaS Cloud System	Our Company	2023SR1271846	Software	October 20, 2024
9	HanchEss Energy Storage Monitoring SaaS Platform	Our Company	2023SR1069589	Software	September 14, 2023
10	Distributed Virtual Power Plant Aggregation Platform	Our Company	2023SR1069442	Software	September 14, 2023
11	Guoxia Technology	Our Company	國作登字-2023-F-00046756	Work	March 16, 2023
12	Guoxia Technology(GUOXIA)	Our Company	國作登字-2025-F-00158785		May 22, 2025
13	HANCHU ESS	Jiangsu Hanchu	國作登字-2025-F-00158786		May 22, 2025

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(d) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our Group’s business:

<u>No.</u>	<u>Owner</u>	<u>Website Filing/ License Number</u>	<u>Domain Name</u>	<u>Expiration Date</u>
1	Our Company	蘇ICP備2023019471號-5	safeess.com	July 12, 2026
2	Our Company	蘇ICP備2023019471號-2	hanchuess.com	November 22, 2025
3	Our Company	蘇ICP備2023019471號-3	guoxiatech.com	January 19, 2027

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors, Supervisors and chief executive of our Company 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 the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 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 section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

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Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] and Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
		Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of our Company (%)	Description of Shares	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Unlisted Shares/H Shares (%)	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽²⁾
Mr. Feng	Beneficial owner	12,645,000	2.67%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽³⁾	138,240,000	29.23%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	67,005,000	14.17%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu	Beneficial owner	1,530,000	0.32%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Beneficial owner	15,435,000	3.26%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	8,235,000	1.74%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang	Beneficial owner	67,005,000	14.17%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	33,750,000	7.14%	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁵⁾			H Shares	[REDACTED]	[REDACTED]	[REDACTED]
				Unlisted Shares	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- All the above interests stated are long positions, and are interests of our Company. The number of Shares as of the Latest Practicable Date is the number assuming the Share Subdivision is completed. Please see “History, Development and Corporate Structure” for details of the Share Subdivision.
- For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- As of the Latest Practicable Date, Hainan Xuding was held as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu. Therefore, Mr. Feng is deemed to be interested in the Shares held by Hainan Xuding under the SFO. Mr. Liu is one of our Controlling Shareholders, see “Relationship with Our Controlling Shareholders – Our Controlling Shareholders” for further information.

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4. Wuxi Luanhua is a senior management incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Luanhua was owned as to (i) approximately 0.54% by its sole general partner, Mr. Feng, and (ii) approximately 70.68%, 24.11% and 4.68% by Mr. Zhang, Dr. Bai and Mr. Wang, respectively. Therefore, Mr. Feng and Mr. Zhang are deemed to be interested in the Shares held by Wuxi Luanhua under the SFO.
5. Wuxi Xiyun is a core employee incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Xiyun was owned as to (i) approximately 1.06% by its sole general partner, Mr. Zhang, (ii) approximately 37.13% by its limited partner, Mr. Guo Xuelong, and (iii) approximately 61.81% by its other five limited partners, none of which individually owned more than one-third of the partnership interests in Wuxi Xiyun. Therefore, Mr. Zhang is deemed to be interested in the Shares held by Wuxi Xiyun under the SFO.
6. Wuxi Jiqing is an employee incentive shareholding platform of our Company. As of the Latest Practicable Date, Wuxi Jiqing was owned as to (i) approximately 0.09% by its sole general partner, Mr. Feng, and (ii) approximately 99.91% by its 20 limited partners, none of them individually owned more than one-third of the partnership interests in Wuxi Jiqing. Therefore, Mr. Feng is deemed to be interested in the Shares held by Wuxi Jiqing under the SFO.

2. Substantial Shareholders

Save as disclosed below and in “Substantial Shareholders” in this document, our Directors are not aware of any other person, not being a Director, Supervisor or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the [REDACTED], would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

Interests in other members of our Group

Name of our subsidiary	Substantial shareholder of such subsidiary	Approximate percentage of shareholding (%)
Jiangsu Keguo	Fengchu Energy Holdings (Shenzhen) Co., Ltd.* (鳳儲能源控股(深圳)有限公司) ⁽²⁾	49%
	Ruosheng Technology (Wuxi) Co., Ltd* (若生科技(無錫)有限公司) ⁽²⁾	49%
	Mr. Huang Sibao ⁽²⁾	49%

Notes:

1. All the above interests stated are long positions.
2. As at the Latest Practicable Date, Jiangsu Keguo was owned as to 51% by our Company and 49% by Fengchu Energy Holdings (Shenzhen) Co., Ltd.* (鳳儲能源控股(深圳)有限公司). Fengchu Energy Holdings (Shenzhen) Co., Ltd.* was wholly owned by Ruosheng Technology (Wuxi) Co., Ltd* (若生科技(無錫)有限公司), which was in turn held as to 99% by Mr. Huang Sibao, who is an Independent Third Party.

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3. Service Contracts

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations and observance of the Articles of Association.

Each of our executive Directors [has] entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders’ approval.

Each of our independent non-executive Directors [has] entered into a letter of appointment with our Company, which includes, amongst others, (a) a term of three years commencing from the [REDACTED]; and (b) termination provisions in accordance with their respective terms.

Each of our Supervisors [has] entered into a contract with our Company. Each contract contains provisions relating to compliance with relevant laws and regulations and observation of our Articles of Association.

Save as disclosed above, we [have not] entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Remuneration of Directors and Supervisors

Save as disclosed in “Directors, Supervisors and Senior Management” in this document and Note 8 to the Accountants’ Report in Appendix I to this document, during the Track Record Period, none of our Directors or Supervisors received other remunerations or benefits in kind from us.

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors, Supervisors or any of the parties listed in “Other Information – 5. Qualifications of Experts” of 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;

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- (b) save in connection with the [REDACTED] and the [REDACTED], none of the parties listed in “Qualification of Experts” of 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 [REDACTED] for or to nominate persons to [REDACTED] for any securities in any member of our Group;
- (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 the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV 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.

EMPLOYEE INCENTIVE SCHEMES

In recognition of the contributions of our employees and senior managements and to incentivize them to further promote our development, Wuxi Xiyun and Wuxi Jiqing were established in the PRC as our employee shareholding platform, and Wuxi Luanhua was established in the PRC as our senior management shareholding platforms. For further details of Wuxi Xiyun, Wuxi Jiqing and Wuxi Luanhua, see “History, Development and Corporate Structure – Equity transfers and capital increase in June 2023” and “– Equity transfer in December 2024” in this document. We have adopted two employee stock ownership plans (“**ESOPs**”) in December 2022 and June 2024 respectively. Under the ESOPs, Eligible Participants are granted with partnership interest in our employee shareholding platform or our senior management shareholding platform (the “**Awards**”). Save for the disclosure requirements, the ESOPs are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options or share awards by our Company to subscribe for the Shares after the [REDACTED]. Given the underlying Shares under the ESOPs had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Awards under the ESOPs. As of the Latest Practicable Date, each of Wuxi Luanhua, Wuxi Xiyun and Wuxi Jiqing held 14.17%, 7.14% and 0.32% of the total share capital of our Company, respectively.

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The following is a summary of the principal terms of the ESOPs:

1. Purpose

The purpose of the ESOPs is to (a) provide our Company with a flexible means of attracting, incentivizing, retaining Eligible Participants (as defined below); (b) align the interests of Eligible Participants with those of our Company and Shareholders by providing such Eligible Participants with the opportunity to acquire proprietary interests in our Company and become Shareholders; and (c) encourage Eligible Participants to contribute to the long-term growth, performance and profits of our Company and to enhance the value of our Company and our Shares for the benefit of our Company and Shareholders as a whole.

2. Eligible Participants

Persons eligible to participate in the ESOPS are the employees of our Group (the “**Eligible Participants**”).

3. Subscription Price

Under the ESOP in December 2022 (i.e. the respective platforms being Wuxi Xiyun and Wuxi Luanhua), the grantees shall pay RMB1 for each underlying Share when they subscribed for the respective partnership interests in the ESOP platform.

Under the ESOP in June 2024 (i.e. the respective platform being Wuxi Jiqing), the grantees shall pay RMB5 for each underlying Share when they subscribed for the respective partnership interests in the ESOP platform.

4. Amendment and Termination

In the event of a change of control, merger, division, or other circumstances deemed necessary by the Shareholders’ meeting of our Company, the continuation, amendment, suspension, or termination of this plan shall be determined by the Shareholders’ meeting. The treatment of Shares held under the ESOPs shall be the same as that hold by the other Shareholders.

5. ESOP Administration

The general partner of the respective ESOP shall manage the Shares of our Company held by such ESOP, including but not limited to exercising Shareholders’ rights, fulfilling Shareholders’ obligations, issuing commitment letters and approving capital increases of our Company by third parties.

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6. Right and Restrictions as Attached to the Awards

The Awards are subject to a lock-up period of five years from the date when respective execution document of the ESOPs was duly signed by the Eligible Participants and was approved by the Shareholders’ meeting of our Company. During such lock-up period, the grantees shall not dispose of their Awards in any form, and the ESOPs shall not dispose of any Share hold by them.

After the expiration of such lock-up period, if the shares are listed on a stock exchange, a grantee may (i) transfer their limited partnership interests to other grantees in the ESOPs or other Eligible Participants, with the transfer price to be determined through mutual negotiation by reference to the secondary market stock price of our Company; or (ii) apply in writing for the disposal of part or all of the underlying Shares corresponding to the Awards granted to such grantee in the secondary market. The general partner shall then arrange for the sales of the underlying Shares in accordance with the terms of the ESOPs, and remit the proceeds (net of any relevant tax and expenses) to the grantee.

7. Details of the Grantees

As of the Latest Practicable Date, (i) Mr. Feng was the general partner of Wuxi Luanhua and Wuxi Jiqing, (ii) Mr. Zhang was the general partner of Wuxi Xiyun, and (iii) each of Wuxi Luanhua, Wuxi Xiyun and Wuxi Jiqing respectively held 14.17%, 7.14% and 0.32% of the total share capital of our Company. All partnership interests in Wuxi Luanhua, Wuxi Xiyun and Wuxi Jiqing have been subscribed by and fully paid up by the grantees.

Details of the Awards granted to Directors, Supervisors, senior management and employees of our Company under the ESOPs are set out below:

Wuxi Luanhua

<u>Name</u>	<u>Position</u>	<u>Approximate partnership interests in Wuxi Luanhua</u>	<u>Approximate number of underlying Shares corresponding to the Awards</u>
Mr. Feng	Executive Director	0.54%	24,489
Mr. Zhang	Executive Director	70.68%	3,231,163
Dr. Bai	Executive Director	24.11%	1,102,023
Mr. Wang	Executive Director	4.68%	213,792
Total		<u>100%</u>	<u>4,571,467</u>

Note:

Any discrepancies between totals and sums of amounts and percentage figures listed herein are due to rounding adjustments.

APPENDIX VI STATUTORY AND GENERAL INFORMATION

Wuxi Xiyun

Name	Position	Approximate partnership interests in Wuxi Xiyun	Approximate number of underlying Shares corresponding to the Awards
Mr. Zhang	Executive Director	1.06%	24,489
Mr. Zhu	Executive Director	20.63%	475,082
Mr. Qian	Supervisor	9.28%	213,792
Other 4 employees	–	69.03%	1,589,608
Total		100%	2,302,970

Note:

Any discrepancies between totals and sums of amounts and percentage figures listed herein are due to rounding adjustments.

Wuxi Jiqing

Name	Position	Approximate partnership interests in Wuxi Jiqing	Approximate number of underlying Shares corresponding to the Awards
Mr. Feng	Executive Director	0.09%	100
Ms. Sun	Supervisor	7.25%	7,645
Ms. Hu	Supervisor	9.72%	10,256
Other 18 employees	–	82.94%	87,442
Total		100%	105,443

Note:

Any discrepancies between totals and sums of amounts and percentage figures listed herein are due to rounding adjustments.

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OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As at the Latest Practicable Date, we were not engaged 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 known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group’s results of operations or financial condition, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [REDACTED] for the [REDACTED] of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the [REDACTED] to be admitted into [REDACTED].

Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules, and it will receive a fee of [REDACTED] to act as a sponsor to our Company in connection with the [REDACTED].

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any preliminary expenses.

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STATUTORY AND GENERAL INFORMATION

5. Qualification of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualification
China Everbright Capital Limited	A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Commerce & Finance Law Offices	Company’s PRC legal advisor
China Insights Industry Consultancy Limited	Industry consultant

6. Consents of Experts

Each of the experts as referred to “Other Information – 5. Qualifications of Experts” in this appendix [has] given, and [has not] withdrawn their respective written consents to the issue of this document with the inclusion of their inclusion of certificates, letters, opinions or reports and the references to their names included herein in the form and context in which they are respectively included.

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 of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, please see “Appendix III – Taxation and Foreign Exchange” to this document.

(2) *Consultation with professional advisers*

Potential investors in the [REDACTED] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our

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Company, our Directors, the Sole Sponsor, 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 subscription, purchase, holding or disposal of, [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 June 30, 2025 (being the date to which the latest audited consolidated financial statements of our Company were prepared).

9. Promoters

The promoters of our Company comprised all of the twelve then Shareholders as of February 24, 2025 before our conversion into a joint stock limited liability company.

No.	Name
1.	Hainan Xuding
2.	Mr. Chen Junde
3.	Wuxi Luanhua
4.	Mr. Cai Guoming
5.	Wuxi Xiyun
6.	Mr. Lin Guodong
7.	Wuxi Yuebai
8.	Mr. Liu
9.	Mr. Feng
10.	Kaibo Hongcheng
11.	Mr. Zhang
12.	Wuxi Jiqing

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.

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STATUTORY AND GENERAL INFORMATION

10. Restrictions on Repurchase

For details, please see “Appendix V – Summary of Articles of Association” to this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as 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 founder, management 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.

APPENDIX VII

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) material contracts referred to “Appendix VI – Statutory and General Information – Further Information about the Business of the Company – 1. Summary of Material Contracts” in this document; and
- (ii) the written consents referred to “Appendix VI – Statutory and General Information – Other information – 6. Consents of Experts” in this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.guoxiatech.com during a period of 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 report prepared by Ernst & Young on the unaudited [REDACTED] financial information of our Group, the text of which is set forth in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the three years ended December 31, 2024 and six months ended June 30, 2025, respectively;
- (e) the CIC Report prepared by China Industry Insights Consultancy referred to in “Industry Overview” in this document;
- (f) the PRC legal opinion issued by Commerce & Finance Law Offices, our legal advisers on PRC law, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;
- (g) the material contracts referred to “Appendix VI – Statutory and General Information – Further Information about the Business of the Company – 1. Summary of Material Contracts” in this document;

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DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

- (h) the service contracts and appointment letters referred to in “Appendix VI – Statutory and General Information – Further Information about Our Directors, Supervisors and Substantial Shareholders – 3. Service Contracts” in this document;
- (i) the written consents referred to in “Appendix VI – Statutory and General Information – Other Information – 6. Consents of Experts” in this document; and
- (j) the PRC Company Law and the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.