

Post Hearing Information Pack of



WUXI LEAD INTELLIGENT EQUIPMENT CO., LTD.

無錫先導智能裝備股份有限公司

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

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WUXI LEAD INTELLIGENT EQUIPMENT CO., LTD.

無錫先導智能裝備股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the Offer Size Adjustment Option and the [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED], the Offer Size Adjustment Option and the [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of [1.0]%, SFC transaction levy of [0.0027]%, Hong Kong Stock Exchange trading fee of [0.00565]% and AFRC transaction levy of [0.00015]% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)

Nominal value : RMB1.00 per H Share

Stock code : [●]

Joint Sponsors, [REDACTED]



CITIC SECURITIES

J.P.Morgan

(in alphabetical order)

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The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the consent of our Company, reduce the number of Hong Kong [REDACTED] at any time prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] will be published on the website of our Company at www.leadintelligent.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging [REDACTED] under the [REDACTED]. For further details, see “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

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EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. 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 the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are an intelligent equipment enterprise offering intelligent equipment and solutions to a range of emerging industries. Our manufacturing equipment and solutions are deployed across diverse applications including the manufacturing of lithium-ion batteries, photovoltaic (PV) batteries and computer, communication and consumer electronics (3C), intelligent logistics, hydrogen and fuel cell production, automotive production and laser precision processing. Our intelligent equipment embedded with our industrial control software can streamline multiple manufacturing processes, assisting our customer in transforming towards highly-automated and unmanned factories to further reduce their labor cost, improve their manufacturing efficiency and advance their green initiative. For instance, through in-depth integration with data-driven algorithms, digital twin simulations and dynamic scheduling optimization software, we developed unmanned intelligent logistics equipment that empowers our customers’ intelligent manufacturing initiatives and facilitates the construction of “unmanned factories” and “smart factories.”

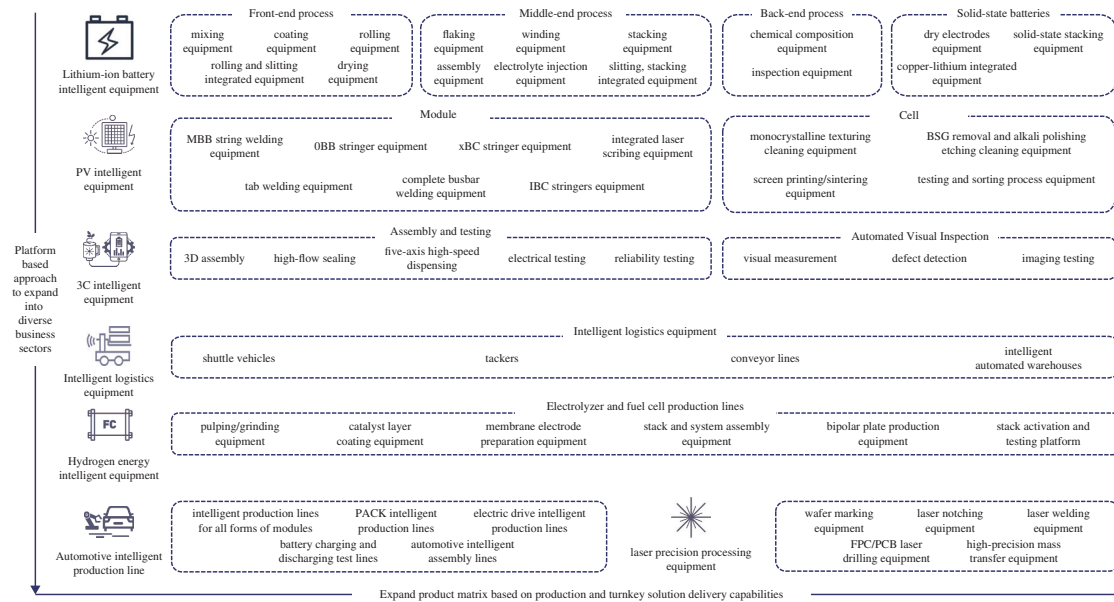
We maintain extensive partnerships with leading customers across these sectors and have established a strong market position in the new energy sector. According to Frost & Sullivan, in 2024, the global new energy intelligent equipment market accounted for approximately 15% of the global intelligent equipment market in terms of revenue. In the same year, we were the world’s second-largest provider of new energy intelligent equipment by revenue, with a market share of 2.9%. According to Frost & Sullivan, the global lithium-ion battery intelligent equipment accounted for approximately 13.5% of the global new energy intelligent equipment market by revenue in 2024. In the same year, we were the largest lithium-ion battery intelligent equipment provider globally by revenue, with a market share of 15.5%, and the largest lithium-ion battery intelligent equipment provider in China by revenue, with a market share of 19.0%.

We have experienced fluctuation in our financial performance in recent years. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue was RMB13,836.1 million, RMB16,483.3 million, RMB11,773.4 million, RMB9,038.4 million and RMB10,387.5 million, respectively. Our net profit for the year/period was RMB2,318.1 million, RMB1,770.8 million, RMB268.0 million, RMB587.0 million and

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RMB1,161.3 million, respectively. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our EBITDA (non-IFRS measure) was RMB2,749.6 million, RMB2,199.3 million, RMB495.8 million, RMB881.6 million and RMB1,654.6 million, respectively. Such downward trend from 2022 to 2024 was primarily attributable to the weakened performance of our downstream industries, which led to reduced demand for our equipment.

OUR BUSINESS



Lithium-ion battery intelligent equipment

In the lithium-ion battery sector, our products comprehensively cover the front-end, middle-end and back-end processes of lithium-ion battery manufacturing, allowing us to deliver turnkey solutions to our customers. Our offerings address various applications including EV, energy storage and consumer electronics, as well as different technological pathways like lithium iron phosphate and ternary materials and different battery forms such as prismatic, cylindrical, pouch and blade cells. Specifically, our product offerings include mixing, coating, rolling, slitting and flaking equipment in the front-end process; winding, stacking, packaging, electrolyte injection and welding equipment in the middle-end process; and chemical composition and assembly equipment in the back-end process. Additionally, based on breakthroughs throughout the whole process of solid-state battery manufacturing, we can provide customers with key equipment for dry mixing, dry film composite and solid-state stacking.

Our customer base includes leading companies in the global lithium-ion battery sector, including CATL, Tesla, Volkswagen, BMW, Mercedes, Toyota LG Energy, SK On, Samsung SDI, Panasonic, ATL, CALB, EVE Energy, Gotion, AESC, Ampac, Sunwoda, SVOLT, BYD and ACC.

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PV intelligent equipment

In the PV sector, we provide our customers with turnkey solutions and standalone equipment for both PV modules and PV cell manufacturing. Our PV module equipment cover functions including multi-bus bar (MBB) string welding, zero bus bar (0BB) stringer, xBC stringer, integrated laser scribing, tab welding, complete busbar welding and interdigitated back contact (IBC) stringers. Our PV cell equipment include cover functions including monocrystalline texturing cleaning, borophosphosilicate glass (BSG) removal and alkali polishing etching cleaning, screen printing/sintering and testing and sorting. In addition, based on our forward-looking layout of new PV cell technologies, we have successfully delivered GW-level solutions in the TOPCon, HJT, xBC and perovskite fields.

Our customer base includes leading companies in the PV sector, including Tongwei Solar, LONGi Green Energy, JA Solar, Aiko Solar, Trina Solar, Jinko Solar and CSI Solar.

3C intelligent equipment

We offer our customers a range of 3C intelligent equipment centered around our self-developed automated visual inspection technology, five-axis precision fluid platform and 800V integrated testing platform. Our products cover fields of visual measurement, automated visual inspection defect detection, five-axis high-speed dispensing, high-flow sealing, imaging testing, electrical testing, reliability testing and 3D assembly. These solutions enable us to provide comprehensive solutions for forming, testing and assembling in the intelligent automotive and consumer electronics sectors.

We have become the strategic partner of multiple leading customers in the industry and are committed to continually empowering our customers to transform their intelligent and digital production.

Intelligent logistics equipment

In the intelligent logistic sector, we have the capability to design and provide intelligent logistics equipment for our customers, consisting of shuttle cars, stackers, conveyor lines and intelligent automated warehouses. Through in-depth integration with data-driven algorithms, digital twin simulations and dynamic scheduling optimization software, we developed unmanned intelligent logistics equipment that empowers our customers’ intelligent manufacturing initiatives and facilitates the construction of “unmanned factories” and “smart factories.”

Our intelligent logistics equipment has already gained widespread application in the new energy sector. With accumulated case studies in the demanding production environments of lithium-ion batteries and PV products, our intelligent logistics equipment is designed and made with high stability, precision control and other advanced core capabilities in mind for dynamic

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scheduling in complex scenarios. They can be migrated and reused in various fields, adequately meeting the needs of a wide range of sectors. We have also started exploring the adoption of our intelligent logistics equipment in the automotive parts manufacturing and chemical industries.

Other Intelligent Equipment and Solutions

Hydrogen energy intelligent equipment

We are committed to becoming the most influential hydrogen energy equipment enterprise in the world and promoting the industrialization of hydrogen production and fuel cell manufacturing. Through the accumulation of core technologies and breakthroughs in key processes, we can provide our customers with turnkey solutions for fuel cell and electrolyzer used in hydrogen production, including slurry coating, MEA packaging, bipolar plate production, stack assembly, system assembly, test platform and other related high-end equipment.

Automotive intelligent production line

We offer our customers intelligent turnkey solutions for all forms of modules and battery pack (PACK) intelligent production lines, electric drive intelligent production lines, battery charging and discharging test lines, automotive intelligent assembly lines and others.

We have established close collaboration with renowned customers both domestically and internationally in this field, including BMW, Mercedes, Toyota, Volkswagen, SAIC and XPeng. We have delivered numerous highly automated, safe, reliable and stable intelligent production lines to these customers.

Laser precision processing equipment

We provide our customers with advanced laser technology applied in the lithium-ion battery, PV, semiconductor, consumer electronics, display panels, automotive and other industries. Leveraging high-precision computer numerical control (CNC) systems and advanced laser technology, we provide solutions for laser precision microprocessing, intelligent inspection and comprehensive smart workshop implementations.

SUMMARY

OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and will help drive our growth in the future:

- We are the largest provider of lithium-ion battery intelligent equipment in both global and Chinese markets. Our significant market share enables us to continually capitalize on opportunities in both incremental and established market segments.
- Our predominant international presence strategically positions us to capitalize on growth opportunities in overseas markets that exhibit substantial potential for expansion.
- Our development strategy across sectors empowers us to capture growth opportunities across multiple industries while effectively mitigating the risks associated with cyclical fluctuations in any single sector.
- We hold industry-leading technological R&D and non-standard customization capabilities and have forged strong partnerships with major customers, enabling us to maintain a prominent position in the industrialization of advanced technologies.
- We have one of the most sustainable development models and been focusing on the importance of fulfilling social responsibility.
- We are distinguished by an experienced management team and a sustainable talent incentive system.

See “Business — Our Strengths.”

OUR STRATEGIES

We will continue to pursue the following strategies which will drive further growth:

- We will accelerate our internationalization efforts, continue to build our global operating capabilities and maintain a competitive advantage in the exploration of overseas markets.
- We are dedicated to cultivating a more diversified growth trajectory.
- We will enhance our R&D capabilities on a global scale to maintain our technological leadership, continually leading the exploration and industrialization of advance technologies.

SUMMARY

- We will continue to focus on our business digital transformation, improving operation, manufacturing and R&D management capabilities to optimize costs while ensuring quality.
- We are committed to implementing a sustainable development strategy that integrates the principle of minimizing carbon footprints throughout the entire product life cycle.

See “Business — Our Strategies.”

CUSTOMERS AND SUPPLIERS

We sell our products and solutions in China, as well as Europe, Asia, North America and other regions around the world. The major customers of our lithium-ion battery intelligent equipment business are domestic and foreign leading lithium-ion battery and automotive manufacturers. For our PV intelligent equipment business, major customers include major domestic and foreign PV cell and module manufacturers. The major customers of our intelligent logistics equipment business are well-known domestic and foreign lithium-ion battery and automotive manufacturers. Revenue from our five largest customers during each year/period in the Track Record Period accounted for 73.8%, 57.0%, 45.6% and 52.4%, respectively, of our total revenue for the respective year/period. Revenue from our largest customer for each year/period in during the Track Record Period accounted for 40.1%, 17.5%, 15.2% and 27.2% of our total revenue for the respective year/period.

During the Track Record Period, our major suppliers were primarily raw material and component suppliers. Purchases from our five largest suppliers for each year/period in during the Track Record Period accounted for approximately 9.5%, 7.9%, 7.7% and 8.7% of our total purchases for the respective year/period. Purchases from our largest supplier for each year/period in the Track Record Period accounted for approximately 3.0%, 2.6%, 2.0% and 2.6% of our total purchases for the respective year/period.

To the knowledge of our Directors and save as disclosed in the section headed “Business — Sales and Marketing and Customers — Our Customers — Major Customers,” as of the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers and suppliers in each year of the Track Record Period.

See “Business — Sales and Marketing and Customers” and “Business — Procurement and Suppliers.”

SUMMARY

COMPETITIVE LANDSCAPE

We compete in the large and highly competitive new energy intelligent equipment market in China and globally. According to Frost & Sullivan, the global market size for lithium-ion battery intelligent equipment is expected to grow from RMB49.8 billion in 2024 to RMB137.2 billion in 2029 with a CAGR of 22.5%; the global market size for PV intelligent equipment market is expected to decline from RMB176.9 billion in 2024 to RMB131.3 billion in 2029 with a CAGR of -5.8%; the global market size for intelligent logistics equipment is expected to grow from RMB133.9 billion in 2024 to RMB338.1 billion in 2029 with a CAGR of 20.3%.

We face potential competition with major Chinese and international manufacturers. In 2024, the aggregated market share of the top five players in global new energy equipment market reached 15.2%, in terms of revenue. We believe that our ability to be differentiated from our competitors depends upon many factors, including, but not limited to, our strategic business layout, predominant international presence, development strategy across sectors, industry-leading technological R&D and non-standard customization capabilities, strong partnerships with major customers, sustainable development models, experienced management team and sustainable talent incentive system.

See “Industry Overview” and “Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate — We may fail to maintain or improve our market position or respond successfully to changes in the competitive landscape.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants’ Report as set out in Appendix I and the Report on Review of Condensed Consolidated Financial Statements in Appendix IA to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with the IFRS Accounting Standards.

SUMMARY

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>										
<i>(Unaudited)</i>										
Revenue	13,836	100.0	16,483	100.0	11,773	100.0	9,038	100.0	10,388	100.0
Cost of sales	(8,771)	(63.4)	(11,090)	(67.3)	(8,236)	(70.0)	(5,866)	(64.9)	(7,183)	(69.1)
Gross profit	5,065	36.6	5,393	32.7	3,537	30.0	3,172	35.1	3,205	30.9
Other income and expenses . .	408	2.9	464	2.8	330	2.8	370	4.1	257	2.5
Other gains and losses	60	0.4	(16)	(0.1)	15	0.1	(6)	(0.1)	32	0.3
Impairment losses under expected credit loss model, net of reversal	(473)	(3.4)	(750)	(4.6)	(555)	(4.7)	(516)	(5.7)	216	2.1
Selling and marketing expenses	(411)	(3.0)	(451)	(2.7)	(362)	(3.1)	(234)	(2.6)	(211)	(2.0)
Administrative expenses . . .	(740)	(5.3)	(1,034)	(6.3)	(1,120)	(9.5)	(859)	(9.5)	(883)	(8.5)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses	(1,348)	(9.7)	(1,675)	(10.1)	(1,671)	(14.1)	(1,266)	(14.0)	(1,231)	(11.9)
Finance costs	(20)	(0.1)	(20)	(0.1)	(62)	(0.5)	(33)	(0.4)	(100)	(1.0)
Profit before tax	2,541	18.4	1,911	11.6	112	1.0	628	6.9	1,283	12.4
Income tax (expense) credit .	(223)	(1.6)	(140)	(0.8)	156	1.3	(41)	(0.5)	(122)	(1.2)
Profit for the year/period . .	2,318	16.8	1,771	10.8	268	2.3	587	6.4	1,161	11.2

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use EBITDA (non-IFRS measure), as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS Accounting Standards.

We believe that these non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of certain items listed below. We also believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

SUMMARY

The following table sets out a reconciliation from profit for the year/period to EBITDA (non-IFRS measure) for the year/period indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in millions)				
	(Unaudited)				
Reconciliation of profit for the year/period to EBITDA (non-IFRS measure):					
Profit for the year/period . . .	2,318	1,771	268	587	1,161
Add:					
– Income tax expense (credit).	223	140	(156)	41	122
– Net finance costs ⁽¹⁾	20	20	62	33	100
– Depreciation and amortization of other assets ⁽²⁾	189	268	321	220	272
EBITDA (non-IFRS measure)	2,750	2,199	496	882	1,655

Notes:

- (1) Finance costs represent the total of interest on lease liabilities, interest on bank loans and bank charges for discounted bills receivables excluding both interest expenses and income.
- (2) The amount of depreciation and amortization presented represents the depreciation of plant and equipment and the amortization of intangible asset and does not include depreciation of right-of-use assets which approximates the rental expense of capitalized lease contract.

Our total revenue increased by 19.1% from RMB13,836.1 million in the year ended December 31, 2022 to RMB16,483.3 million in the year ended December 31, 2023, primarily due to increases in revenue derived from sales of lithium-ion battery intelligent equipment, PV intelligent equipment and intelligent logistics equipment. Our total revenue decreased by 28.6% from RMB16,483.3 million in 2023 to RMB11,773.4 million in 2024, primarily due to decrease in:

- (i) revenue derived from sales of lithium-ion battery intelligent equipment, mainly because there was a decrease in order of lithium-ion battery equipment in 2023 due to the slowdown in capacity expansion of downstream EV battery and energy storage battery companies with new production capacity pending further release, as well as the slowdown in the growth of the EV market and the weakening of policy support from 2023 represented by the phase-out of the purchase subsidy policy for new energy vehicles at the end of 2022 in China, leading to weakened performance of industry, resulting in a decrease in revenue recognized from such orders in 2024; and

SUMMARY

- (ii) revenue derived from sales of PV intelligent equipment, mainly because of the weakened performance of the PV intelligent equipment industry since the second half of 2023 due to overcapacity of the PV industry. Since 2022, the global PV industry has attracted substantial investment due to its high profitability, and the technological transition from P-type cells to N-type cells has driven significant demand for new production capacity, together resulting in production capacity scale-up in the global PV industry starting from the fourth quarter of 2023. Therefore, the capacity utilization rate in the global PV cell industry decreased rapidly from 75.7% in 2023 to 61.4% in 2024, leading to the decreasing demand for PV intelligent equipment in 2024 in terms of order.

Our total revenue increased by 14.9% from RMB9,038.4 million in the nine months ended September 30, 2024 to RMB10,387.5 million in the nine months ended September 30, 2025, primarily driven by growing downstream market demand due to capacity expansion and equipment upgrade of lithium-ion battery manufacturers in China, which also accelerated equipment acceptance and delivery cycles. Specially, we recorded (i) an increase in revenue from our sales of lithium-ion battery intelligent equipment, primarily attributable to an increase in order and acceptance of the downstream EV battery and energy storage battery companies, as a result of the recovery of downstream EV and energy storage market; (ii) an increase in revenue from our sales of PV intelligent equipment, primarily due to certain of our PV equipment previously undergoing testing stage being accepted by the customers; and (iii) an increase in other business, primarily attributable to the acceptance of orders by customers, including an automotive intelligent production line project that had previously been undergoing testing.

Our administrative expenses increased from 2022 to 2024, and from the nine months ended September 30, 2024 to the same period in 2025, mainly as a result of the increased number of our administrative personnel and the corresponding increase in our recruitment expenses, along with the expansion of our scale of global operations and our expansion of overseas markets. Our research and development expenses as a percentage of our total revenue increased from 2022 to 2024, reflecting our focus on research and development activities, primarily due to our increased employee salaries and other benefits mainly as a result of the expansion of our scale of operations and increased number of our research and development personnel. Our research and development expenses decreased by 2.8% from RMB1,266.2 million in the nine months ended September 30, 2024 to RMB1,231.2 million in the same period in 2025, primarily driven by our enhanced measures, which required R&D teams to adopt a more targeted approach to problem-solving, thereby reducing redundant experiments and saving on materials.

Our net profit decreased by 23.6% from RMB2,318.1 million in the year ended December 31, 2022 to RMB1,770.8 million in the year ended December 31, 2023, primarily due to (i) a decrease in gross profit margin, primarily due to an increase in write-down of inventories as a percentage of cost of sales. We not only write down inventory at times of actual losses, but also after making prudent assessment of the realizable net value of inventories in advance. The challenging downstream market conditions led to enhanced market competition and imposed

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challenges on our customers, reducing their demand for expansion of production capacity. Some customers, despite having placed orders for our products, are delaying their expansion plans, choosing to await a recovery in downstream demand before confirming acceptance and deploying the equipment. Accordingly, we made assessment of the net realizable value of inventories and made provisions accordingly. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Inventories.” At the business segment level, the gross profit margin of our sales of lithium-ion battery intelligent equipment, PV intelligent equipment and intelligent logistics equipment decreased; (ii) an increase in impairment losses under expected credit loss model, net of reversal, primarily due to aging of our trade receivables reflecting increased risk of non-recoverability; (iii) an increase in administrative expenses, which is mainly attributable to the increased number of our administrative personnel and increased travel expenses due to our expansion of overseas markets; and (iv) an increase in research and development expenses, which is mainly attributable to our increased employee salaries and other benefits mainly as a result of the expansion of our scale of operations and increased number of our research and development personnel.

Our net profit decreased by 84.9% from RMB1,770.8 million in the year ended December 31, 2023 to RMB268.0 million in the year ended December 31, 2024, primarily due to (i) a reduction in revenue, (ii) a decrease in gross profit margin, primarily due to a decrease in the gross profit margin of our sales of 3C intelligent equipment and other business; (iii) an increase in impairment losses under expected credit loss model, net of reversal, primarily due to aging of our trade receivables reflecting increased risk of non-recoverability; and (iv) an increase in administrative expenses primarily as a result of the expansion of the Group’s scale of global operations. Our net profit increased by 97.9% from RMB587.0 million in the nine months ended September 30, 2024 to RMB1,161.3 million in the nine months ended September 30, 2025, primarily due to (i) an increase in revenue and (ii) a change of impairment losses under expected credit loss model from impairment losses of RMB515.7 million to reversal of impairment losses of RMB215.7 million, which was primarily because the lithium battery industry recovered and production normalized, which significantly improved customers’ ability to make payments. See “Financial Information — Period-to-Period Comparison of Results of Operations.”

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Revenue

The following table sets forth a breakdown of our revenue by segment, each expressed in absolute amount and as a percentage of our total revenue, for the years/periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(Unaudited)										
Lithium-ion battery intelligent equipment	9,944	71.8	12,642	76.8	7,689	65.3	6,268	69.5	6,949	66.8
PV intelligent equipment . . .	463	3.3	1,028	6.2	867	7.4	564	6.2	965	9.3
3C intelligent equipment . . .	606	4.4	698	4.2	689	5.9	373	4.1	135	1.3
Intelligent logistics equipment	1,695	12.3	1,431	8.7	1,867	15.8	1,504	16.6	921	8.9
Other business ⁽¹⁾	1,128	8.2	684	4.1	661	5.6	329	3.6	1,418	13.7
Total	13,836	100.0	16,483	100.0	11,773	100.0	9,038	100.0	10,388	100.0

Note:

- (1) Other business includes hydrogen energy equipment, automotive intelligent production line, laser precision processing equipment and other products and services.

The following table sets forth our revenue breakdown by geographical location, each expressed in absolute amount and as a percentage of our total revenue, for the years/periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(Unaudited)										
Mainland China	12,641	91.4	14,241	86.4	8,942	76.0	6,838	75.7	8,373	80.6
Overseas	1,195	8.6	2,242	13.6	2,831	24.0	2,200	24.3	2,015	19.4
Total	13,836	100.0	16,483	100.0	11,773	100.0	9,038	100.0	10,388	100.0

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Cost of Sales

Our cost of sales mainly include raw materials, labor costs, manufacturing overhead and write-down of inventories. Our cost of sales amounted to RMB8,771.1 million, RMB11,089.8 million, RMB8,235.8 million, RMB5,866.2 million and RMB7,183.0 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Raw materials cost is the largest component in our cost structure. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our raw materials cost amounted to RMB7.1 billion, RMB8.4 billion, RMB5.6 billion, RMB4.1 billion and RMB5.2 billion, respectively, which accounted for 81.0%, 75.8%, 67.7%, 70.0% and 72.1% of our total cost of sales, respectively.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years/periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(Unaudited)										
Raw materials	7,107	81.0	8,396	75.8	5,577	67.7	4,106	70.0	5,176	72.1
Labor costs	756	8.6	1,036	9.3	957	11.6	608	10.4	730	10.2
Manufacturing overhead . . .	793	9.1	1,246	11.2	1,153	14.0	1,067	18.2	1,107	15.4
Write-down of inventories . .	115	1.3	412	3.7	549	6.7	85	1.4	170	2.3
Total	8,771	100.0	11,090	100.0	8,236	100.0	5,866	100.0	7,183	100.0

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less cost of sales. Our gross profit margin is calculated by dividing its gross profit by revenue. We experienced decrease in gross profit margin during the Track Record Period, from 36.6% in 2022 to 32.7% in 2023, and further to 30.0% in 2024. The decrease in gross profit margin was mainly due to our prudent approach for inventory write-down as we not only write down inventory at times of actual losses, but also after making prudent assessment of the realizable net value of inventories in advance, especially for inventories with longer aging to reflect their slow turnover cycle.

The challenging downstream market conditions led to enhanced market competition and imposed challenges on our customers, reducing their demand for expansion of production capacity. Some customers, despite having placed orders for our products, are delaying their expansion plans, choosing to await a recovery in downstream demand before confirming acceptance and deploying the equipment. Accordingly, we made assessment of the net realizable value of inventories and made provisions. As a result, the write-down of inventories increased from RMB114.9 million in 2022 to RMB411.5 million in 2023, and further to

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RMB548.7 million in 2024, and increased from RMB84.9 million in the nine months ended September 30, 2024 to RMB170.4 million in the nine months ended September 30, 2025, respectively. In 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, our subsequent reversal of write-down of inventories amounted to RMB61.8 million, RMB24.7 million, RMB154.1 million, RMB124.8 million and RMB192.7 million, respectively.

Our gross profit margin decreased from 35.1% in the nine months ended September 30, 2024 to 30.9% in the nine months ended September 30, 2025, primarily due to certain orders accepted during the period having been contracted during an industry downturn at relatively lower pricing, resulting in lower gross margins upon acceptance.

The following table sets forth a breakdown of our gross profit by segment, as well as the respective gross profit margins for the years/periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		(%)		(%)		(%)		(%)		(%)
(RMB in millions, except percentages)										
(Unaudited)										
Lithium-ion battery										
intelligent equipment . . .	3,829	38.5	4,607	36.4	2,602	33.8	2,462	39.3	2,255	32.5
PV intelligent equipment . .	83	17.9	131	12.7	80	9.2	165	29.3	190	19.7
3C intelligent equipment . .	189	31.2	288	41.3	222	32.2	154	41.3	43	31.9
Intelligent logistics										
equipment.	315	18.6	74	5.2	388	20.8	270	18.0	167	18.1
Other business	649	57.5	293	42.8	245	37.1	121	36.8	550	38.8
Total	5,065	36.6	5,393	32.7	3,537	30.0	3,172	35.1	3,205	30.9

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The following table sets forth a breakdown of our gross profit by geographical location, as well as the respective gross profit margins for the years/periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		(%)		(%)		(%)		(%)		(%)
(RMB in millions, except percentages)										
(Unaudited)										
Mainland China	4,828	38.2	5,031	35.3	2,497	27.9	2,296	33.6	2,414	28.8
Overseas	237	19.8	362	16.1	1,040	36.7	876	39.8	791	39.3
Total	5,065	36.6	5,393	32.7	3,537	30.0	3,172	35.1	3,205	30.9

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of
	2022	2023	2024	September 30,
				2025
(RMB in millions)				
Total current assets	28,976	30,690	30,572	33,261
Total non-current assets	3,930	4,532	5,522	5,662
Total assets	32,906	35,222	36,094	38,923
Total current liabilities	21,410	22,990	21,665	23,311
Total non-current liabilities .	371	384	2,850	2,910
Total liabilities	21,781	23,374	24,515	26,221
Net current assets	7,566	7,700	8,907	9,950
Total equity	11,125	11,847	11,579	12,702

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Our net assets increased from RMB11,125.2 million as of December 31, 2022 to RMB11,847.5 million as of December 31, 2023, primarily due to our profit for the year attributable to owners of the Company of RMB1,774.6 million, recognition of equity-settled share-based payments of RMB85.1 million and contribution from non-controlling interests of RMB62.3 million, partially offset by dividends recognized as distribution of RMB841.0 million and repurchase of ordinary shares under share incentive plans of RMB350.0 million. Our net assets decreased from RMB11,847.5 million as of December 31, 2023 to RMB11,579.4 million as of December 31, 2024, primarily due to dividends recognized as distribution of RMB533.3 million, partially offset by our profit for the year attributable to owners of the Company of RMB286.1 million. Our net assets increased from RMB11,579.4 million as of December 31, 2024 to RMB12,701.5 million as of September 30, 2025, primarily due to our profit for the period attributable to owners of the Company of RMB1,161.3 million and recognition of equity-settled share-based payments attributable to owners of the Company of RMB31.2 million and from non-controlling interests of RMB1.6 million, partially offset by dividends recognized as distribution from retained profits attributable to owners of the Company of RMB87.1 million.

Our net current assets increased to RMB9,950.2 million as of September 30, 2025 from RMB8,907.1 million as of December 31, 2024, primarily due to (i) an increase of RMB1,425.0 million in cash and cash equivalents and (ii) an increase of RMB1,282.4 million in inventories, partially offset by an increase of RMB1,697.7 million in contract liabilities.

Our net current assets increased to RMB8,907.1 million as of December 31, 2024, from RMB7,700.1 million as of December 31, 2023, primarily due to (i) a decrease of RMB1,905.2 million in bills, trade and other payables and (ii) a decrease of RMB975.8 million in contract liabilities, partially offset by (i) an increase of RMB1,602.1 million in borrowings and (ii) a decrease of RMB514.8 million in restricted bank deposits.

Our net current assets increased from RMB7,566.1 million as of December 31, 2022 to RMB7,700.1 million as of December 31, 2023, primarily due to (i) an increase of RMB3,714.0 million in bills, trade and other receivables, and (ii) an increase of RMB2,441.3 million in contract liabilities, partially offset by a decrease of RMB2,186.0 million in cash and cash equivalents.

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Summary of Consolidated Statements of Cash Flow

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>(RMB in millions)</i>			<i>(Unaudited)</i>	
Net cash flows generated from/(used in) operating activities	1,694	(880)	(1,567)	(2,916)	3,835
Net cash flows generated from/(used in) investing activities	2,007	(212)	(1,221)	(439)	(1,097)
Net cash flows (used in)/generated from financing activities	(806)	(1,134)	3,847	2,976	(1,328)
Net increase/(decrease) in cash and cash equivalents	2,895	(2,227)	1,059	(379)	1,410
Effect of foreign exchange rate changes on cash and cash equivalents	16	41	16	20	15
Opening balance of cash and cash equivalents	1,559	4,471	2,285	2,285	3,360
Closing balance of cash and cash equivalents	4,471	2,285	3,360	1,926	4,785

We had net operating cash inflow of RMB1,694.0 million in 2022. Our net operating cash flow turned to an outflow of RMB880.5 million in 2023, which further increased to an outflow of RMB1,567.1 million in 2024. As we operate in industries where market players tend to have a high concentration of customers, such as our key focus areas including EV battery and energy storage battery industry and PV industry, such customers tend to have larger bargaining power, resulting in delayed acceptance period and payment cycle reducing our cash inflow, especially during market downturn. Meanwhile, we have to pay for the upfront costs for order fulfilling purposes, such as procurement of raw materials and corresponding manufacturing costs, leading to substantial cash outflow. Such timing mismatch of our cash flow position contributes to our net operating cash outflow position in 2023 and 2024. The corresponding prolonged customer acceptance period and payment cycle from such downstream customers are reflected by the increase in our trade receivable turnover days from 138.6 days in 2022 to 179.3 days in 2023, and further to 284.8 days in 2024. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Trade Receivables and Other Receivables.” Meanwhile, while we remit full payment to suppliers upon receipt of goods, customer payments are collected in stages, primarily including contract signing, delivery, customer acceptance, and the end of the

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warranty period, resulting in cash flow mismatch. We subsequently had net operating cash inflow of RMB3,835.2 million in the nine months ended September 30, 2025, primarily attributable to (i) a decrease in bills, trade and other receivables and an increase in bills, trade and other payables, as we increased efforts in collection of trade receivables, as well as enhanced cash management related to setting payables; and (ii) an increase in contract liabilities, primarily due to an increase in receipt of advance payment related to new orders.

Business Prospects

As a new energy intelligent equipment enterprise, we offer intelligent equipment and solutions to a range of emerging industries, including lithium-ion battery manufacturing and PV industry. In the past several years, propelled by global carbon neutrality initiatives, the industries we operate in experienced substantial growth, and relevant market players had also seen their technical sophistication, production capacity and financial performance improve. Similar to other industries undergoing rapid development during the fast-growing stage, the relevant industries we operate in also experienced headwinds arising from fluctuation in downstream customer demand and intensified market competition recently. According to Frost & Sullivan, due to the rapid expansion in production capacities in previous years, the average capacity utilization rate of lithium-ion battery manufacturers in China fell from over 75% in 2022 to approximately 55% in the first half of 2024. The global lithium-ion battery intelligent equipment market increased from RMB27.0 billion to RMB69.0 billion from 2020 to 2023, reaching its peak in recent years. It subsequently decreased to RMB49.8 billion in 2024. Also, since the fourth quarter of 2023, mainly due to the rapid expansion in production capacities in various sectors of the PV industry value chain, the PV industry has experienced an over-capacity, according to the same source. The global PV intelligent equipment market increased from RMB52.5 billion to RMB176.9 billion from 2020 to 2024, reaching its peak in recent years. It is expected to decrease to RMB90.3 billion in 2025.

Our total revenue increased by 19.1% from RMB13,836.1 million in 2022 to RMB16,483.3 million in 2023, and then decreased by 28.6% to RMB11,773.4 million in 2024. Our revenue decrease in 2024 was mainly due to (i) decrease in total new order value, especially decrease in domestic order value, resulting from temporarily weakened downstream customer demand in some of our key focus areas, including EV battery and energy storage battery industry and PV industry. This was partially offset by the increase in overseas order value, as we have strategically focused on expanding overseas sales and increasing sales to overseas customers. Our total new order value amounted to RMB27.2 billion in 2022, RMB20.3 billion in 2023 and RMB14.6 billion in 2024; and (ii) extended acceptance period, being the time gap between delivery and revenue recognition, as we recognize revenue from sales of intelligent equipment upon the receipt of customer acceptance, which is formally acknowledged through signed customer confirmation verifying that the equipment meets the specified requirements and is fully operational to the customer’s satisfaction.

Our average acceptance period more than doubled during the Track Record Period, from approximately six to ten months in 2022 and 2023 to more than 15 months in 2024. The increase in 2024 was primarily because, in light of weakened downstream demand, our

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customers tended to wait for the rebounding of downstream demand before confirming their acceptance of our equipment and putting the equipment into actual use. Our revenue during the Track Record Period was mainly generated from domestic customers, and due to weakened downstream customer demand in the domestic market, our domestic customer acceptance period increased from 2022 to 2024, as our customers tend to delay their capacity expansion even when they had already ordered our products for delivery, and wait for the rebounding of downstream customer demand before confirming their acceptance and actually putting the equipment into use. Our inventory management was also impacted by these extended acceptance periods. Inventory turnover days increased from 419.9 days in 2022 to 421.5 days in 2023, then to 593.6 days in 2024.

The prolonged acceptance process and the resulting delay in revenue recognition also affected our receivables collection and operating cash flows. Our trade receivables turnover days increased from 138.6 days in 2022 to 179.3 days in 2023, and further increased to 284.8 days in 2024, primarily due to an increase in trade receivable balance caused by prolonged payments from certain downstream customers in the electric vehicle battery, energy storage battery and PV industries. As a result of the slow increase in revenue in 2023 and the decrease in revenue in 2024, which were primarily attributable to prolonged customer acceptance time, and the increased trade receivables turnover days resulting from prolonged payments from certain downstream customers, we recorded operating cash outflow in 2023 and 2024.

As we strategically focused on expanding our overseas sales and increasing sales to our overseas customers, our revenue from overseas sales increased from RMB1,195.4 million in 2022 to RMB2,241.6 million in 2023 and further increased to RMB2,831.3 million in 2024, accounting for 8.6%, 13.6% and 24.0% of our total revenue for the respective years. Our overseas orders on average take 1.5 to 2.5 years from dispatch to acceptance due to relatively longer time in transit and more stringent customer acceptance standards, as compared to 9 to 15 months for domestic orders, both of which are in line with the typical ranges of the new energy intelligent equipment market, according to Frost & Sullivan. The longer acceptance period for overseas orders and gradual increase in revenue contribution from overseas sales also contributed in part to our prolonged acceptance period and corresponding delay in revenue recognition during the Track Record Period.

We experienced decrease in gross profit margin, from 36.6% in 2022 to 32.7% in 2023, and further to 30.0% in 2024. The decrease in gross profit margin was mainly due to our prudent approach for inventory write-down as we not only write down inventory at times of actual losses, but also after making prudent assessment of the realizable net value of inventories in advance, especially for inventories with longer aging to reflect their slow turnover cycle. The challenging downstream market conditions led to enhanced market competition and imposed challenges on our customers, reducing their demand for expansion of production capacity. Some customers, despite having placed orders for our products, are delaying their expansion plans, choosing to await a recovery in downstream demand before confirming acceptance and deploying the equipment. Accordingly, we made assessment of the net realizable value of inventories and made provisions accordingly. As a result, the

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write-down of inventories increased from RMB114.9 million in 2022 to RMB411.5 million in 2023, further to RMB548.7 million in 2024. In 2022, 2023 and 2024, our subsequent reversal of write-down of inventories amounted to RMB61.8 million, RMB24.7 million and RMB154.1 million, respectively.

In the second half of 2024, driven by growing downstream market demand and an increase in overseas orders, the average capacity utilization rate of lithium-ion battery manufacturers in China rebounded to approximately 75%, prompting manufacturers to make capacity expansion decisions and order corresponding equipment based on their forward-looking assessment of future market conditions, according to Frost & Sullivan. Therefore, the rebound of capacity utilization rate of lithium-ion battery manufacturers since the second half of 2024 has been driving the demand for lithium-ion battery intelligent equipment. Furthermore, besides the growing demand driven by capacity expansion, the demand for lithium-ion battery intelligent equipment driven by the renovation and upgrading of existing equipment has also been increasing, as equipment previously purchased by downstream customers enters the iteration cycle in the following years gradually. Also with the gradual increase in downstream demand, the PV industry is undergoing a gradual supply-demand re-balancing process. As a result, our business operations and financial performance for the nine months ended September 30, 2025 gradually recovered. Our total revenue increased by 14.9% from RMB9,038.4 million in the nine months ended September 30, 2024 to RMB10,387.5 million in the nine months ended September 30, 2025.

Meanwhile, our average acceptance period subsequently decreased to less than 13 months in the nine months ended September 30, 2025, primarily because we implemented more structured delivery and acceptance controls, including standardized procedures, real-time problem tracking, and regular progress reviews. Our trade receivables turnover days subsequently decreased to 220.6 days in the nine months ended September 30, 2025, primarily due to the recovery of the lithium battery industry and the normalization of production, which improved customers’ payment capacity, as well as our improved collection efforts. We recorded net cash generated from operating activities of RMB3,835.2 million for the nine months ended September 30, 2025, primarily attributable to (i) a decrease in bills, trade and other receivables and an increase in bills, trade and other payables, as we increased efforts in collection of trade receivables, as well as enhanced cash management related to setting payables; and (ii) an increase in contract liabilities, primarily due to an increase in receipt of advance payments related to new orders.

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However, as we operate in industries where market players tend to have a high concentration of customers, such customers tend to have larger bargaining power, resulting in prolonged acceptance period and payment cycle, especially during market downturn. Therefore, we are subject to heightened risks of prolonged acceptance period, unfavorable payment terms, potential net operating cash outflow position and general uncertainty of our downstream customer demand, and therefore we cannot guarantee the markets we operate in will rebound, and even if they do, we may not be able to maintain our profitability due to the above-mentioned factors. See “Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate.”

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/periods or as of the dates indicated:

	As of/For the year ended December 31,			As of/For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
Gross profit margin ⁽¹⁾ . . .	36.6%	32.7%	30.0%	35.1%	30.9%
Net profit margin ⁽²⁾	16.8%	10.7%	2.3%	6.5%	11.2%
Debt-to-Assets ratio ⁽³⁾ . .	66.2%	66.4%	67.9%	65.3%	67.4%
Current ratio <i>(times)</i> ⁽⁴⁾ . .	1.4	1.3	1.4	1.3	1.4
Quick ratio <i>(times)</i> ⁽⁵⁾ . . .	0.8	0.8	0.8	0.7	0.8

Notes:

- (1) Gross profit margin equals gross profit for the year/period divided by revenues for the respective year and multiplied by 100%.
- (2) Net profit margin equals profit for the year/period divided by revenues for the respective year/period and multiplied by 100%.
- (3) Debt-to-Assets ratio equals total liabilities divided by total assets as of the relevant year/period end and multiplied by 100%.
- (4) Current ratio is calculated as current assets divided by current liabilities as of the relevant year/period end.
- (5) Quick ratio is calculated as current assets less inventories divided by current liabilities as of the relevant year/period end.

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SUMMARY

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately HK\$[REDACTED] (assuming the [REDACTED] is not exercised and based on the maximum [REDACTED] of HK\$[REDACTED]), which accounts for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. We estimate the [REDACTED] to consist of approximately HK\$[REDACTED] in [REDACTED] related fees (including SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) and approximately HK\$[REDACTED] in non-[REDACTED] fees (which consist of fees and expenses of Joint Sponsors, legal advisors and our Reporting Accountants of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED]). Among the total [REDACTED], approximately HK\$[REDACTED] will be directly attributable to the [REDACTED] of our H Shares, which will be deducted from equity upon the completion of the [REDACTED], and approximately HK\$[REDACTED] will be expensed in our consolidated statements of profit or loss. During the Track Record Period, approximately HK\$2.0 million was already expensed in our consolidated statements of profit or loss. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED], fees and other estimated expenses in connection with the [REDACTED] at the [REDACTED] of HK\$[REDACTED] per share and assuming the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], will be used for expansion of global R&D, sales and service network and selectively pursuing strategic initiatives as part of our globalization strategy.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], will be used for deepening of our platform based strategy. We intend to further expand the product portfolio in the new energy intelligent equipment business.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], will be used in R&D for our product design and manufacturing process technologies optimization of our intelligent equipment to enhance their performance and operation stability and reduce their energy consumption in assisting our customers with further improvement on their production efficiency and product performance.

SUMMARY

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] will be used to enhance our digital infrastructure and improve our digitalization capabilities across various business processes such as supply chain management, R&D, production, quality control, sales and operations to boost operational efficiency.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED].”

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors.” You should read that section in its entirety carefully before you decide to [REDACTED] in our H Shares. Some of the major risks we face include:

- we have experienced deteriorating changes in our financial performance during the Track Record Period;
- we historically experienced fluctuations in our cash flow from operating activities;
- we are subject to heightened risks of prolonged acceptance period and unfavorable payment terms;
- we are subject to inventory management risk;
- we are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade receivables may affect our business, prospects, financial condition and results of operations;
- we face risks associated with customer order cancellations that may adversely affect our financial performance;
- the development of regulations, policies and regulatory requirements in the PRC and overseas regarding lithium-ion battery manufacturing equipment and new energy vehicles may affect our business operations and prospects;
- factors that adversely affect the industries in which our customers operate may reduce our downstream demand and our business, financial condition and results of operations may be thereby materially and adversely affected;
- we may not successfully develop or market new and advanced products and technologies, nor improve our existing products and technologies, in a timely manner or at all, and we may not price our new products at a favorable level;

SUMMARY

- our research and development efforts may not yield the benefits that we expect;
- we are subject to risks associated with the overseas expansion of our business;
- we may fail to maintain or improve our market position or respond successfully to changes in the competitive landscape;
- we are exposed to risks relating to the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees;
- we may be unable to execute our strategies effectively;
- we have a high concentration of customers;
- we may need additional capital for business growth, product development and technology R&D programs and marketing efforts. If we are unable to raise capital in a timely manner or on acceptable terms, or at all, we could incur losses and be forced to delay, reduce or eliminate such efforts; and
- changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of our latest audited financial statements, and there is no event since September 30, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

With regard to the impact of the recent U.S. tariff and other trade restriction policies, all the products exported and sold to our customers are exported from China and executed under either Free On Board (“**FOB**”) or Delivered At Place (“**DAP**”), whereby the responsibility for customs filing and clearance in the respective destination countries resides with our customers. The majority of our overseas sales during the Track Record Period were to customers located in the member states of the European Union (“**EU**”). To our best knowledge and based on public information, our customers generally paid less than 2% tariff on such products. As advised by our German law advisor, the import of products, including lithium-ion battery intelligent equipment and intelligent logistics equipment, is in principle free of permit requirements, as expressed, for example, in Article 1 of the Regulation (EU) 2015/478. We also export a relatively small amount of our products to North America, which accounted for less than 1% of our total revenue in 2024. In addition, our planned U.S. service center will serve as a local after-sales services center only with no R&D, manufacturing or independent corporate functions, and we will dynamically adjust such plan considering the latest geopolitical developments.

SUMMARY

Notwithstanding the foregoing, international trade policies and trade restriction measures are subject to frequent changes and evolving interpretation and enforcement, and may be implemented or escalated on short notice. Such developments could directly or indirectly increase costs, affect customer demand, delay customs clearance and delivery schedules, or otherwise adversely affect our overseas sales and operations. Accordingly, while our Directors are of the view that the impacts of the U.S. and EU tariffs on our operation were relatively insignificant during the Track Record Period, we cannot assure that such impacts will remain insignificant in the future. See “Risk Factors — Risks Relating to our Business and the Industry in which we Operate — Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.”

DIVIDEND AND DIVIDEND POLICY

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we paid dividends of approximately RMB781.9 million, RMB841.0 million, RMB533.3 million, RMB533.3 million and RMB87.1 million, respectively. As of the Latest Practicable Date, all these dividends have been fully paid to our Shareholders.

Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》), and the Articles of Association, in principle we target to declare dividends at least once a year that account for not less than 20% of our distributable profits for that year, conditional upon (i) we record profit in the current year and has a positive cumulative undistributed profit, and (ii) there is a significant surplus of funds after meeting the capital requirements for the our normal production and operations. We distribute dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. If dividends in any distribution consists of both cash and stocks, the cash dividends shall comprise not less than 20% of such distribution. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since 2015, our Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

SUMMARY

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) approximately 21.46% by Lhasa Xindao, which was in turn held as to 94.00% by Mr. Wang, our executive Director, chairman of the Board and general manager of our Company; (ii) approximately 4.43% by Wuxi Yuxi, which was held as to (a) 99.96% by Wuxi Luojie; and (b) 0.04% by Wuxi Zhipu (both of which were ultimately wholly-owned by Mr. Wang); and (iii) approximately 5.88% by Shanghai Zhuoao, which was held as to (a) 16.94% by its general partner, Shanghai Yiwei, whose general partner is Ms. Ni, (b) 70.56% by Shanghai Haochang, which is in turn wholly owned by Mr. Wang, and (c) 0.44% by Shanghai Haoling, which is in turn wholly owned by Ms. Ni. Separately, Mr. Wang also held approximately 0.56% direct interest in our Company. Accordingly, our Single Largest Group of Shareholders, including Mr. Wang, Ms. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luojie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling, was collectively interested in approximately 32.33% of the issued share capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], our Single Largest Group of Shareholders will hold in aggregate approximately [REDACTED]% of the issued share capital of our Company. Accordingly, Mr. Wang, Ms. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luojie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling will be our Single Largest Group of Shareholders immediately upon the [REDACTED].

For further details about our Single Largest Group of Shareholders, see “Relationship with our Single Largest Group of Shareholders”.

DEFINITIONS

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

“2021 Restricted Share Incentive Scheme”	the 2021 restricted share incentive scheme of the Company as adopted on October 8, 2021
“2022 Restricted Share Incentive Scheme”	the 2022 restricted share incentive scheme of the Company as adopted on October 10, 2022
“2023 Restricted Share Incentive Scheme”	the 2023 restricted share incentive scheme of the Company as adopted on October 16, 2023
“2024 Restricted Share Incentive Scheme”	the 2024 restricted share incentive scheme of the Company as adopted on October 18, 2024
“2025 Restricted Share Incentive Scheme”	the 2025 restricted share incentive scheme of the Company as adopted on October 16, 2025
“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange and are traded in Renminbi
“Accountants’ Report”	the accountants’ report of our Company, the text of which is set out in Appendix I to this document
“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
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on February 14, 2025 with effect from the [REDACTED], and as amended from time to time, a summary of which is set out in Appendix V to this document
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the Board of directors of our Company

DEFINITIONS

“Business day” or “business day” a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

“China” or “PRC” the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China

“Companies Ordinance” the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Companies (Winding up and Miscellaneous Provisions) Ordinance” the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Company”, “our Company” or “the Company” Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司), a company established in the PRC on April 30, 2002, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 300450)

“Company Law” or “PRC Company Law” 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

“CSRC” the China Securities Regulatory Commission (中國證券監督管理委員會)

“Director(s)” director(s) of our Company

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

DEFINITIONS

[REDACTED]

“Extreme Conditions” the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period

[REDACTED]

“German Legal Advisor” Taylor Wessing, the German legal advisors of our Company

[REDACTED]

“Group,” “our Group,”
“we” or “us” our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

“Guangdong Beidao” Guangdong Beidao Intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司), a PRC subsidiary of ours established on December 17, 2020

“Guide for New Listing Applicants” the Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time

DEFINITIONS

“H Share(s)”

overseas listed shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange

[REDACTED]

“HK\$” or “HK dollars”

Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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]

“Hong Kong Stock Exchange” or “Stock Exchange” The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

“IFRS” 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

DEFINITIONS

“Independent Third Party(ies)” any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

“Jiangsu Andao Intelligent” Jiangsu Andao Intelligent Equipment Co., Ltd. (江蘇安導智能裝備有限公司), a PRC subsidiary of ours established on December 25, 2020

“Jiangsu Lead Technology” Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司), a PRC subsidiary of ours established on December 17, 2020

“Jiangsu Qingdao Intelligent” Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司), a PRC subsidiary of ours established on December 14, 2020

DEFINITIONS

[REDACTED]

“Joint Sponsors”	the joint sponsors named in the section headed “Directors and Parties Involved in the [REDACTED]” of this document
“Latest Practicable Date”	August 19, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
“Lhasa Xindao”	Lhasa Xindao Venture Capital Co., Ltd. (拉薩欣導創業投資有限公司), a limited liability company established in the PRC held as to 94.00% by Mr. Wang, and a member of our Single Largest Group of Shareholders

[REDACTED]

“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Ministry of Finance” or “MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)

DEFINITIONS

“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Wang”	Mr. Wang Yanqing (王燕清), our executive Director, chairman of the Board, the general manager and a member of our Single Largest Group of Shareholders
“Ms. Ni”	Ms. NI Yalan (倪亞蘭), spouse of Mr. Wang and a member of our Single Largest Group of Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles of PRC
“PRC Legal Advisor”	Allbright Law Offices, the PRC legal advisors of our Company

[REDACTED]

DEFINITIONS

[REDACTED]

“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“QIB” or “Qualified Institutional Buyer”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the US Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Restricted Share(s)”	type II restricted share(s) granted under the Restricted Share Incentive Schemes, each represents the right to subscribe for one A Share of our Company at the grant price upon vesting
“Restricted Share Incentive Scheme(s)”	the 2021 Restricted Share Incentive Scheme, the 2022 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme and the 2024 Restricted Share Incentive Scheme, each a Restricted Share Incentive Scheme and collectively the Restricted Share Incentive Schemes
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the US Securities Act
“SAC”	the Securities Association of China (中國證券業協會)
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國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 (中華人民共和國國家稅務總局)

DEFINITIONS

“Securities and Futures Ordinance” or “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 People’s Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Haochang”	Shanghai Haochang Information Technology Center (上海皓長信息科技中心), a company established in the PRC wholly owned by Mr. Wang, and a member of our Single Largest Group of Shareholders
“Shanghai Haoling”	Shanghai Haoling Electronic Technology Center (上海顯凌電子科技中心), a company established in the PRC wholly owned by Ms. Ni, and a member of our Single Largest Group of Shareholders
“Shanghai Lead Huineng”	Shanghai Lead Huineng Technology Co., Ltd. (上海先導慧能技術有限公司), a PRC subsidiary of ours established on March 9, 2021
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shanghai Zhuoao”	Shanghai Zhuoao Enterprise Management Partnership (Limited Partnership) (上海卓遨企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and a member of our Single Largest Group of Shareholders
“Shanghai Yiwei”	Shanghai Yiwei Information Technology Center (Limited Partnership) (上海銀煒信息科技中心(有限合夥)), a limited partnership established under the laws of the PRC whose general partner is Ms. Ni, and a member of our Single Largest Group of Shareholders
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholders(s)”	holder(s) of the Share(s)

DEFINITIONS

“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Single Largest Group of Shareholder(s)”	Mr. Wang, Ms. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luojie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling, collectively the substantial shareholders of our Company; prior to the [REDACTED] and as of the date of this Document, Mr. Wang, Ms. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luojie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling controlled more than 30% of the total voting rights in our Company, and upon [REDACTED], Mr. Wang, Ms. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luojie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling will continue to remain as our Company’s single largest group of shareholders

[REDACTED]

“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025

[REDACTED]

DEFINITIONS

“US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States

[REDACTED]

“Wuxi Guangdao”	Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司), a PRC subsidiary of ours established on December 14, 2020
“Wuxi Luojie”	Wuxi Luojie Investment Partnership (Limited Partnership) (無錫洛杰投資合夥企業(有限合夥)), a limited partnership established in the PRC which is in turn held as to (i) 99.00% by Mr. Wang as a limited partner; and (ii) 1.00% by Wuxi Zhipu as its general partner, and a member of our Single Largest Group of Shareholders
“Wuxi Yuxi”	Wuxi Yuxi Technology Co., Ltd. (無錫煜璽科技有限公司), a limited liability company established in the PRC which is held as to (i) 99.96% by Wuxi Luojie and (ii) 0.04% by Wuxi Zhipu (both of which are ultimately wholly-owned by Mr. Wang), and a member of our Single Largest Group of Shareholders
“Wuxi Zhipu”	Wuxi Zhipu Investment Co., Ltd. (無錫至普投資有限公司), a limited liability company established in the PRC wholly-owned by Mr. Wang, and a member of our Single Largest Group of Shareholders

DEFINITIONS

“Zhuhai Titan”

Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司), a PRC subsidiary of ours established on February 24, 2014

“%”

per cent

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

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

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

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“0BB”	Zero busbar
“3C”	computer, communication and consumer electronics
“3D”	three-dimensional
“real-time 3D stereo vision”	a system to perceive and interpret three-dimensional structures and environments by processing visual information from two or more cameras simultaneously
“AI”	artificial intelligence
“AGV”	automated guided vehicles
“BC”	an advanced PV system design that enables solar modules to capture solar irradiance from both the front and rear surfaces
“BPP”	bipolar plate
“BSG”	borophosphosilicate glass
“CCD”	charge-coupled device
“CNC”	computer numerical control
“CRM”	customer relationship management
“CTC”	cell-to-chassis
“CTP”	cell-to-pack
“digital twin”	a digital representation of a physical object, person, or process that is contextualized in a digital version of its environment
“ERP”	enterprise resource planning

GLOSSARY OF TECHNICAL TERMS

“EPC”	electronic power control
“ETO”	engineering-to-order, a production approach characterized by: (i) engineering activities need to be added to production lead time; and (ii) upon receipt of a customer order, the order engineering requirements and specifications are not known in detail
“EV” or “electric vehicle”	new energy vehicles, mainly comprising of battery electric vehicles and plug-in hybrid electric vehicles
“EV battery”	lithium-ion battery used in EVs
“fragmentation rate”	the percentage or frequency at which a particular resource, asset, or unit is divided into smaller, less cohesive parts within a specified timeframe
“GDL”	gas diffusion layer
“GFA”	gross floor area
“GW”	gigawatt
“GWh”	gigawatt hours
“HJT”	heterojunction
“IBC”	interdigitated back contact
“intelligent equipment”	devices or machinery integrated with advanced technologies such as machine learning, sensors and connectivity features, which allow the equipment to perform tasks autonomously or with minimal human intervention
“ISO9001”	International Quality Management System, which released by ISO (International Organization for Standardization)
“m ² ” or “sq.m.”	square meter
“MBB”	multi-bus bar
“MEA”	membrane electrode

GLOSSARY OF TECHNICAL TERMS

“MES”	manufacturing execution system
“N-type BC cell”	A type of PV cells utilizing a semiconductor material doped with donor impurities, such as phosphorus
“OOP”	order oriented project, an R&D process centered around the needs and preferences of customers’ orders under the ETO business model, aiming to design products that are immediately applicable in customer specific scenarios. Initiated directly by customer requirements, the OOP outcome is typically customized to meet specific client needs. At the outset of the process, customers define the scope and objectives of the projects and remain engaged throughout the OOP to ensure that the R&D outcomes align with their precise specifications and are scalable upon acceptance
“PACK”	battery pack
“PC”	personal computer
“PECVD”	Plasma-Enhanced Chemical Vapor Deposition, an advanced thin-film deposition technique utilized to synthesize high-quality material coatings on a variety of substrates
“PEM”	polymer-electrolyte membrane
“PERC”	passivated emitter and rear cell
“PLC”	programmable logic controller
“PPM”	parts per million
“PSG”	phosphosilicate glass
“PV”	photovoltaic
“P-type BC cell”	A type of PV cells utilizing semiconductor material primarily doped with acceptor impurities, such as boron
“SE”	selective emitter, a fabrication technique used in the production of high-efficiency solar cells

GLOSSARY OF TECHNICAL TERMS

“SRM”	supplier relationship management
“SMBB”	SuperMulti-Busbar
“Solid electrolyte”	A new type of electrolyte in which the electrolyte changes from liquid to solid. According to the content of the electrolyte, it is divided into semi-solid electrolyte, all-solid electrolyte, etc.
“Solid-state battery”	batteries that use solid electrodes and a solid electrolyte
“TOP”	technology oriented project, an R&D process with a focus on continuously enhancing and optimizing product performance while introducing new functionalities to existing products, which is dedicated to advancing technical innovation and establishing a robust technological reserve to address future demands and support proactive iterations of our existing products
“TOPCon”	tunnel oxide passivated contact
“V”	Basic unit of voltage
“xBC”	x back contact
“°C”	Degree Celsius, the unit of temperature measurement on the Celsius scale

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 includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and
- various business opportunities that we may pursue.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE

We have experienced deteriorating changes in our financial performance during the Track Record Period.

We have experienced fluctuation in our financial performance in recent years. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue was RMB13,836.1 million, RMB16,483.3 million, RMB11,773.4 million, RMB9,038.4 million and RMB10,387.5 million, respectively, and our gross profit was RMB5,065.1 million, RMB5,393.5 million, RMB3,537.5 million, RMB3,172.3 million and RMB3,204.6 million, respectively. Our gross profit margin declined from 36.6% in 2022 to 32.7% in 2023 and further to 30.0% in 2024, and then declined from 35.1% in the nine months ended September 30, 2024 to 30.9% in the nine months ended September 30, 2025. During the same periods, our net profit for the year/period was RMB2,318.1 million, RMB1,770.8 million, RMB268.0 million, RMB587.0 million and RMB1,161.3 million, respectively. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our EBITDA (non-IFRS measure) was RMB2,749.6 million, RMB2,199.3 million, RMB495.8 million, RMB881.6 million and RMB1,654.6 million, respectively.

Our average acceptance period more than doubled during the Track Record Period, from approximately six to ten months in 2022 and 2023 to more than 15 months in 2024, and decreased to less than 13 months in the nine months ended September 30, 2025. Our trade receivables turnover days increased from 138.6 days in 2022 to 179.3 days in 2023 and further increased to 284.8 days in 2024, primarily as an increase in trade receivable balance caused by the prolonged payment from certain downstream customers, which can be attributed to their taking additional time to manage their financial commitments effectively during their industries’ downturn, which led to a delay in their payment schedules. Our trade receivables turnover days decreased from 284.8 days in 2024 to 220.6 days in the nine months ended September 30, 2025, primarily due to the recovery of the lithium battery industry and the normalization of production, which improved customers’ payment capacity, as well as our improved efforts on collection of trade receivables.

RISK FACTORS

As a result of the slow increase in revenue in 2023 and the decrease in revenue in 2024, which are primarily attributable to the prolonged customer acceptance time, and the increased trade receivable turnover days resulting from the prolonged payment from certain downstream customers, we recorded operating cash outflow in 2023 and 2024. The material adverse change in our financial performance may continue in the future. See “Financial Information — Year-to-Year Comparison of Results of Operations,” “Financial Information — Discussion of Certain Key Balance Sheet Items — Trade Receivables and Other Receivables,” and “Financial Information — Liquidity and Capital Resources — Net Cash (Used in)/Generated from Operating activities.” See “Financial Information”.

The extended customer acceptance period, competitive pricing pressures, inventory write-down assessment and production-related costs and ongoing R&D investments create ongoing challenges to profitability. We believe that our ability to improve margins and profitability and expand our sales, will depend upon, among other factors, our ability to address the challenges, risks, and difficulties described elsewhere in this “Risk Factors” section. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth and recovery our business performance to previous levels. Any of these factors could cause our revenue to further decline and may adversely affect our margins and profitability.

We historically experienced fluctuations in our cash flow from operating activities.

We have historically experienced fluctuations in our cash flows from our operating activities. For the years ended December 31, 2022, 2023 and 2024, we recorded a net operating cash inflow of RMB1,694.0 million and net operating cash outflow RMB880.5 million and RMB1,567.1 million, respectively. We recorded net operating cash outflow of RMB2,915.6 million and net operating cash inflow of RMB3,835.2 million for the nine months ended September 30, 2024 and 2025, respectively. See “Financial Information — Liquidity and Capital Resources — Net Cash (Used in)/Generated from Operating activities.”

Our ability to generate sufficient operating cash flow depends on many factors, such as the ability to carry on our business activities in an efficient manner, the ability to effectively manage customers’ payment of accounts receivables, the extended inspection processes by our customers, changes in general market conditions and the regulatory environment and competition in certain sectors in which we operate. Any adverse change in any of these factors, which may be out of our control, may create capital shortfall and could adversely affect our liquidity. There is no assurance that our operating activities will be able to generate sufficient cash flow to satisfy our capital and liquidity needs at all times, or even at all.

If our business fails to provide stable and sufficient cash, we will need to resort to external financing to satisfy our liquidity needs, which could expose us to additional credit risk. We may not be able to achieve or sustain net operating cash inflows, which may adversely affect our performance. Even if we achieve net operating cash inflows, such inflows may not be sufficient to satisfy our anticipated capital expenditures and other cash needs. If we record net operating cash outflows, our repayment capability may be adversely affected.

RISK FACTORS

We are subject to heightened risks of prolonged acceptance period and unfavorable payment terms.

Our business operations face challenges due to extended customer acceptance periods and unfavorable payment terms, which have adversely affected our cash flow position, working capital management, and overall financial performance. The average acceptance period for our products more than doubled during the track record period, increasing from approximately six to ten months in 2022 and 2023 to more than 15 months in 2024, and decreased in the nine months ended September 30, 2025 to less than 13 months. This prolonged acceptance cycle has created substantial operational and financial strain, with no assurance that further extensions will not occur.

The extended acceptance periods have directly caused our revenue decrease, which contributed to deteriorating cash flow conditions. This negative trend reflects the structural mismatch between our cash outflows for upfront order fulfillment costs — including raw material procurement and manufacturing expenses — and delayed cash inflows due to customer payment cycles. See “— We historically experienced fluctuations in our cash flow from operating activities.” Our inventory management has also been severely impacted by these extended acceptance periods. Inventory turnover days increased from 419.9 days in 2022 to 421.5 days in 2023, then to 593.6 days in 2024 and then to 540.5 days in the nine months ended September 30, 2025. The growing inventory balance — from RMB12,405.4 million in 2022 to RMB13,580.0 million in 2024 — reflects the accumulation of undelivered or unaccepted goods, tying up substantial working capital. Given that full payment for delivered goods is typically received only after customer acceptance or warranty expiration, further extensions in acceptance periods could exacerbate liquidity constraints. The combination of delayed customer payments and rising inventory levels results in increased inventory write-downs, which grew from RMB114.9 million in 2022 to RMB411.5 million in 2023 and RMB548.7 million in 2024, and increased from RMB84.9 million to RMB170.4 million in the nine months ended September 30, 2024 and 2025, respectively. These provisions reflect both actual losses and prudent assessments of slow-moving inventory, further pressuring profitability.

The concentration of customers in our key industries — including EV batteries, energy storage, and PV — amplifies these risks, as large customers exert significant bargaining power to extend acceptance and payment terms, particularly during market downturns. There is no guarantee that these trends will reverse, and further deterioration in customer payment behavior or additional acceptance delays could materially affect our liquidity, working capital efficiency, and financial stability and in turn adversely affect our business operations and financial performance.

RISK FACTORS

We are subject to risks related to our long cash conversion cycle and significant working capital requirements.

Our business is working capital intensive. We typically commit cash resources as projects progress, including for procurement of raw materials and components and production and project execution, while cash receipts from customers are generally received over an extended period under staged payment arrangements. Customers are generally required to pay (i) approximately 30% of the total contractual amount after signing of the sales contract, (ii) approximately 30% when the products are ready for shipment, (iii) approximately 30% upon completion of installation and testing and receipt of signed acceptance and (iv) approximately 10% upon expiry of the warranty period. For overseas customers, we usually require settlement of approximately 60% to 80% of the total contractual amount when the products are ready for shipment. As a result, our cash receipts may lag behind our cash expenditures, particularly where a greater proportion of consideration is received only at later milestones such as installation and testing, acceptance and expiry of the warranty period, or where project schedules extend.

During the Track Record Period, our inventory turnover days remained high at 419.9 days, 421.5 days, 593.6 days and 540.5 days in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. The relatively long inventory turnover days during the Track Record Period was primarily due to our revenue recognition policy for revenue from the sales of intelligent equipment, which is only recognized upon receipt of customer acceptance. Goods that have already been delivered remain recorded as inventory until customer acceptance is confirmed, resulting in a significant amount of inventory being held on the balance sheet, thereby extending the inventory turnover period. In addition, our trade receivable turnover days were generally longer than our trade payable turnover days. Our trade receivable turnover days were 138.6 days, 179.3 days, 284.8 days and 220.6 days in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, while our trade payable turnover days were 182.7 days, 134.0 days, 170.5 days and 146.9 days during the same periods, respectively. Accordingly, our cash conversion cycle, calculated as inventory turnover days plus trade receivable turnover days minus trade payable turnover days, was approximately 375.8 days in 2022, 466.8 days in 2023, 707.9 days in 2024 and 614.2 days in the nine months ended September 30, 2025. These factors indicate that the time required for us to convert inventories and receivables into cash may be extended, and we may be required to maintain substantial working capital to support our operations.

If our inventory turnover days or trade receivable turnover days increase or remain high, if our trade payable turnover days shorten, or if the timing of staged payments shifts further toward later milestones such as acceptance or expiry of the warranty period, our cash conversion cycle may remain prolonged or lengthen further. Any such developments could increase pressure on our liquidity and cash flow, limit financial flexibility in funding procurement, production and project execution, and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We are subject to inventory management risk.

Our inventories comprise raw materials, work-in-progress, finished products and goods delivered. For details of our inventory and inventory management policies, see “Our Business — Inventory Management and Logistics.” As of December 31, 2022, 2023, 2024 and September 30, 2025, the balance of our inventories amounted to approximately RMB12,405.4 million, RMB13,207.0 million, RMB13,580.0 million and RMB14,862.4 million, respectively. Our inventory turnover days increased from at 419.9 days in 2022 to 421.5 days in 2023, then increased to 593.6 days in 2024, and then to 540.5 days in the nine months ended September 30, 2025. Such increases were primarily due to the relatively long acceptance period of our customers. Our average acceptance period more than doubled during the Track Record Period, from approximately six to ten months in 2022 and 2023 to more than 15 months in 2024 and then decreased to less than 13 months in the nine months ended September 30, 2025. There is no guarantee that the acceptance period of our customers will not be further extended due to any factors beyond our control. Any significant increase in inventory turnover days may indicate inefficiencies in our inventory management and could adversely affect our liquidity and working capital. Despite the fact that we generally receive partial payment for these goods delivered before delivery to our customers, the full payment may only be received after our customers have tested and accepted our products or even upon expiry of the warranty period pursuant to our contracts. Since the product testing and acceptance period of our products are relatively long, if there are any adverse changes in the market in which our customers operate, we may not be able to receive the full payment for the goods delivered from our customers. We regularly review our inventories to identify items with low sales or usage value and make impairment provisions accordingly. We further assess inventories based on the lower of cost or net realizable value to make any additional impairment provisions. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the write-down of inventories was approximately RMB114.9 million, RMB411.5 million, RMB548.7 million, RMB84.9 million and RMB170.4 million. If any substantial impairment provisions are to be taken, our business, results of operations, financial condition and prospects may be adversely affected.

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade receivables may affect our business, prospects, financial condition and results of operations.

We are exposed to credit risks related to our customers. As of December 31, 2022, 2023, 2024 and September 30, 2025, our trade receivables were RMB7,470.8 million, RMB11,501.0 million, RMB10,972.5 million and RMB10,292.0 million, respectively. Our trade receivables turnover days increased from 138.6 days in 2022 to 179.3 days in 2023, and further increased to 284.8 days in 2024, and decreased to 220.6 days in the nine months ended September 30, 2025, primarily due to the recovery of the lithium battery industry and the resumption of production, which improved customers’ payment capacity, as well as our increased efforts in collection of trade receivables. Our impairment for trade receivables for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and our impairment for trade receivables reversed for the nine months ended September 30, 2025 were

RISK FACTORS

approximately RMB446.1 million, RMB729.5 million, RMB594.2 million, RMB534.5 million and RMB218.8 million, respectively. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Trade Receivables and Other Receivables.”

Our trade receivable balance may continue to grow alongside our normal course of business, which may increase our risks for uncollectible receivables. If any of our customers experience financial difficulties in settling the trade receivables due to factors beyond their control such as adverse changes in the competitive landscape and government policies of the industries in which they operate, our corresponding trade receivables recoverability might be adversely affected. If we are unable to collect our trade receivables from our customers in a timely manner per contractual terms or at all, or if there are any material delays in payment by our customers, our liquidity and cash management will be materially and adversely affected, which, in turn, might affect our business, financial condition and results of operation.

Our ability to meet our financial obligations largely depends on the ability of our customers to fulfill their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we encounter difficulties in generating sufficient cash to repay our outstanding financial liabilities, our liquidity, business, results of operations and financial condition may be adversely affected, and we may not be able to expand our business.

We face risks associated with customer order cancellations that may adversely affect our financial performance.

Our business is exposed to risks arising from customer order cancellations, which have resulted in financial impacts during the Track Record Period. In 2022, 2023, 2024 and the nine months ended September 30, 2025, the aggregate value of cancelled orders amounted to RMB248.4 million, RMB238.0 million, RMB605.4 million and RMB307.5 million, respectively, representing 1.8%, 1.4%, 5.1% and 3.0% of our total revenue for each corresponding year or period. The cancellation primarily reflects growing challenges in our operating environment.

While we may make adjustments to the cancelled equipment and resale, the equipment may not be entirely suitable and there might be certain ancillary costs during the resale process, which could result in losses. Customer order cancellations thus create multiple operational challenges, including inventory impairment risks, working capital pressures, and production capacity underutilization. Our exposure is particularly acute given our reliance on concentrated customer bases in cyclical industries. These cancellation risks, combined with other operational challenges described herein, may continue to materially impact our financial performance.

RISK FACTORS

The development of regulations, policies and regulatory requirements in the PRC and overseas regarding lithium-ion battery manufacturing equipment and new energy vehicles may affect our business operations and prospects.

Our business faces severe threats from decreasing demand, favorable government policy reversals, and global trade hostility. Our lithium-ion battery intelligent equipment is used in the production of lithium-ion batteries which are used in the production of new energy vehicles, energy storage and 3C products. The development of regulations or changes in policies and regulatory requirements in the PRC and overseas regarding lithium-ion battery manufacturing equipment, new energy vehicles, energy storage and 3C products may affect our business operations and prospects. In particular, Government subsidies for NEVs and lithium-ion batteries in China and overseas have been scaled back, and further reductions could slow market growth. If the demand for lithium-ion batteries or new energy vehicles decreases due to the rapid withdrawal of government support across major markets, the demand for our lithium-ion battery intelligent equipment will decrease accordingly. Additionally, overcapacities in our downstream customers’ industries such as lithium-ion battery production and NEV markets have led to reduced industry investment, further adversely affect demand for our lithium-ion battery intelligent equipment.

Despite the fact that we have enjoyed various favourable policies in the PRC encouraging the development of both our industries and the new energy industries in the past, subsidies for NEVs and lithium-ion batteries in China and overseas have been drastically scaled back in recent years, and further reductions could slow market growth to a standstill. See “Regulatory Overview — Main Laws and Regulations of the Industry and Industrial Policies.” Meanwhile, foreign governments actively undermine Chinese manufacturers. Furthermore, other major economies have also adopted various initiatives and plans to incentivize the usage of new energy vehicles but exclusively for domestic producers; for example, in June 2020, the German government adopted a recovery and resilience plan to allow subsidies to purchase decarbonized vehicles (excluding Chinese-made models); and in July 2020, the UK government adopted the UK vehicle scrappage scheme to provide a subsidy to car owners if they replace their existing fuel models with new energy models (subject to local content rules); the U.S. Senate passed the Clean Energy for America Act in May 2021 to provide a tax incentive to new energy vehicle automotive manufacturers and consumer cash rebates for new energy vehicles; only if assembled in North America. Despite these policies and regulations may stimulate the growth of the lithium-ion battery market, they also deliberately exclude Chinese players. Furthermore, a recent series of U.S. executive orders were passed to reverse certain energy policies, primarily in favor of traditional energy sources such as oil, gas and coal. There can be no assurance that these and future policies will not affect the supply of and demand for new energy sources provided by our customers and the new energy industry as a whole, which, if they do, could adversely impact our business and prospects. Additionally, recent trade policies, including tariffs on Chinese-made batteries and NEVs in markets such as the U.S. and EU, are of great uncertainty. If the trade barriers further escalates, it could diminish the competitiveness of us and our downstream customers which will in turn materially and adversely affect our business, financial condition and results of operations and future prospects.

RISK FACTORS

New legislations or changes in the PRC and overseas regulatory requirements regarding the new energy vehicle market may affect our business, financial condition, results of operations and prospects. There is no guarantee that favorable industry policies or regulatory requirements may continue to exist, or that unfavorable policies or regulatory requirements will not be enacted and implemented in the future. In particular, risks such as overcapacity in lithium battery production, declining subsidies, and trade barriers could amplify these challenges. We may need to change or adapt our business focus from time to time in response to the new rules and regulations regarding the end markets of our products, but we may not be able to do so in a timely and efficient manner. Failure to do so may materially and adversely affect our business, financial condition and results of operations and future prospects.

Factors that adversely affect the industries in which our customers operate may reduce our downstream demand and our business, financial condition and results of operations may be thereby materially and adversely affected.

Our customers predominantly operate in different sectors of the new energy industry. Driven by the objectives of achieving carbon neutrality and ensuring energy security, and bolstered by supportive government policies, our customers have continuously expanded their production capacity. Notably, this expansion has been particularly pronounced in PV and lithium-ion battery sectors. Concurrently, an influx of capital and new enterprises into the new energy industry has resulted in a substantial increase in new production capacity and, consequently, heightened market competition. Market indicators suggest emerging capacity surpluses in several new energy segments as additional production facilities become operational. If the expansion of production capacity outpaces the growth of the new energy industry, companies operating within the new energy industry may face intense competition concerning price, technology, cost, scale, brand and capital.

Simultaneously, our business and growth depend on continued demand for our products from our current and potential customers in the new energy industry which are subject to multiple factors outside of our control, including a decrease in growth or an adverse change of growth prospects of the industry, a slowdown or reversal of the trend of energy transition. The developing industry-wide capacity surplus may compound these challenges, as production overcapacity could precipitate reductions in capital expenditure programs throughout various new energy industry chains. Any significant decrease in demand for our products by customers in the new energy industry, or other industries from which we derive significant revenue in the future, may reduce the demand for our products and have a material and adverse impact on our business, financial condition and results of operations.

RISK FACTORS

We may not successfully develop or market new and advanced products and technologies, nor improve our existing products and technologies, in a timely manner or at all, and we may not price our new products at a favorable level.

We derive a substantial majority of our revenue from the sales of intelligent equipment such as lithium-ion battery intelligent equipment, PV intelligent equipment, 3C intelligent equipment, intelligent logistics equipment and others. The markets for these equipment are highly competitive and rapidly evolving. As market conditions and technology evolve, our existing products may lose market share, experience slower growth or deliver lower profit margins. Our success depends on our ability to anticipate industry trends and identify, develop and market new and advanced products that could meet customer demands in a timely manner. We expect the market for lithium-ion battery intelligent equipment, PV intelligent equipment, 3C intelligent equipment, intelligent logistics equipment and other products to evolve toward more innovative and more advanced products, some of which we do not currently produce. Developing new products and obtaining the necessary certificates, licenses, permits or approvals in a timely manner can be difficult, particularly because some of our products are customized to meet customer’s needs.

Our research and development efforts may not lead to new products that will be commercially successful. We may also experience delays or be unsuccessful in any stage of the product development or marketing, such as product manufacturing, product testing, marketing or pricing. Product development and testing are expensive and can take a lengthy period of time to complete, and its outcome is inherently uncertain. There can be no assurance that product development and testing will be completed in a timely or cost-effective manner or result in a commercially viable product. Failure to successfully complete product development and testing in a timely and cost-effective manner could have a material adverse effect on our prospects.

In addition, our new products may not yield anticipated returns to cover our investment. Even when we launch a new product, it takes time for it to gain market acceptance. We may not successfully market our new products, and our customers may not be receptive to our new products. We cannot always anticipate industry trends and market demand for new products. Our competitors’ product development capabilities may be more effective than ours, and their new products may reach the market before ours. Furthermore, our competitors’ new products may be more efficient or competitive than our existing products, which could result in us having to reduce the prices of such products or cause us to lose market share.

RISK FACTORS

Meanwhile, our new products may impact our profitability depending on the level of market acceptance and the pricing environment for each product. The success of any of our new product offerings depends on several factors, including our ability to:

- properly identify and anticipate industry trends and market demand;
- develop products successfully in a timely manner;
- complete product testing in a timely manner;
- optimize our manufacturing and procurement processes;
- launch new products in a timely manner;
- anticipate and compete effectively with our competitors;
- price our products competitively and at commercially justifiable levels; and
- increase end-customer awareness and acceptance of our new products.

If we do not successfully launch and sell new products, our business, financial condition and results of operations could be materially and adversely affected.

Our research and development efforts may not yield the benefits that we expect.

The markets for lithium-ion battery intelligent equipment, PV intelligent equipment, 3C intelligent equipment and intelligent logistics equipment and other products are characterized by rapid changing technologies, new product introductions and evolving industry trends and requirements. Our future performance and reputation depend on our ability to continue developing new products, which in turn depends largely on our research and development capabilities. If we are unable to enhance our research and development capabilities to improve our existing products or to develop new products that meet customers’ changing preferences and requirements, we may be placed in a disadvantageous position against our competitors and our results of operations and future development may be adversely affected. Furthermore, our research and development efforts may not be successful or yield the anticipated level of economic benefits. There may be new product development failures, instability of quality of such newly developed products and reliance on core technical personnel involved in product development. Even if our research and development efforts are successful, we may not be able to apply these newly developed technologies to products that will be accepted by the market or apply them in a timely manner to take advantage of the opportunities in the market.

RISK FACTORS

Most of our products are made to order, catering to the different needs of our customers. For this non-standard equipment, after a sales contract is signed, our research and development department will design the product according to the technical specifications of customers, which will then be manufactured, assembled, tested and shipped to customers. If we fail to design and develop a product according to the specification of our customers or if the products we delivered fail to be delivered in time or pass the testing of our customers, we may lose future business opportunities and our results of operations and future development may be adversely affected. Moreover, our success in lowering our manufacturing costs and enhancing our profitability depend on the promotion of standardized components, which can not only reduce procurement costs and manufacturing costs, but also improve our production efficiency, enabling faster delivery to customers. If we fail to develop and promote standardized components that achieve high market demand, our profitability may be adversely affected.

We are subject to risks associated with the overseas expansion of our business.

We plan to continue to expand our business in selected overseas markets. As a result, we are subject to a variety of risks and uncertainties associated with overseas operations and sales, including compliance with foreign laws, regulations and local industry standards, in particular, those related to lithium-ion battery intelligent equipment; export control and economic sanctions laws and regulations; exposure to increased overseas litigation risks; political and economic instability, as well as geopolitical tensions, including the threat of war or terrorist attacks (notably in Eastern Europe, and in particular, the Russia-Ukraine conflict and the reaction of the international community, for which the consequences on the financial markets and the general business climate are significantly unfavorable in the short term and remain uncertain in the long term); foreign currency exchange rate fluctuations, currency controls and cash repatriation restrictions; restrictions on imports from the PRC or other trade barriers, such as export requirements, sanctions, tariffs, licensing and other restrictions and expenses; unfamiliarity with local operating and market conditions and competitive landscape; uncertainty on the degree of market acceptance; competition from local companies; failure to attract and retain locally qualified management and employees; alignment of the operations, culture and systems of the international team with our existing operations; foreign taxes; environmental, safety and labor regulatory compliance; and potential disputes and difficulty in managing relationships with overseas customers and distributors. Additionally, we distribute our products to overseas markets and we may expand our business in overseas markets, we will face management risks associated with the growth of our international team and the management of territories under our international strategy. We sell our products in China, as well as Europe, Asia, North America and other regions around the world. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue from overseas sales amounted to RMB1,195.4 million, RMB2,241.6 million, RMB2,831.3 million, RMB2,199.8 million and RMB2,015.3 million, respectively, accounting for 8.6%, 13.6%, 24.0%, 24.3% and 19.4% of our revenue, respectively. See “Our Business — Sales and Marketing and Customers — Our Customers.”

RISK FACTORS

Any failure to manage the foregoing and other risks and uncertainties could result in operational inefficiencies, increased costs and a diversion of management’s attention from other business matters, which in turn could adversely affect our overseas business and its expansion, and result in reduced turnover from our overseas operations, which in turn could materially and adversely affect our business, financial condition and results of operations.

In addition, our success in expanding our business, providing products and services internationally and competing in international markets is subject to our ability to manage various risks and difficulties, including, but not limited to:

- difficulties in gaining an in-depth understanding of local markets, community and cultures;
- higher levels of payment fraud, legal and compliance risks;
- higher shipment costs;
- requirement to adapt to possible import and export controls, sanctions, trade embargoes and other heightened regulatory requirements;
- challenges and increased expenses associated with staffing and managing international and cross-border operations and managing an organization spread over various jurisdictions;
- ability to recruit talent and challenges in replicating or adapting our policies and procedures to operate in new markets;
- difficulties of integrating any foreign acquisitions, strictly complying with all procedures prescribed under foreign laws and regulations in respect of foreign acquisition and investments and managing our foreign operations;
- ability to provide sufficient levels of technical support in different locations or provide sufficient oversight over the management of our overseas subsidiaries;
- difficulties in establishing cooperative relationships with international partners, including local operators;
- ability to develop and maintain relationships with customers and other local stakeholders; and
- potential damage to our brand and reputation if we are unable to provide optimal products and services to our customers or properly oversee the management of our operations in such local markets.

RISK FACTORS

In particular, significant political, trade, or regulatory developments, such as those stemming from the current U.S. federal administration and changes in U.S. federal policy implemented by the U.S. Congress, the Trump administration or any new administration could give rise to circumstances outside our control that could have negative impacts on our business operations, including as a result of an economic downturn and geopolitical events.

As we expand further into new regions and markets, these risks could intensify. If one or more of these factors were to materialize, it could adversely impact our international operations, and our efforts to expand our operations internationally may not be successful.

We may fail to maintain or improve our market position or respond successfully to changes in the competitive landscape.

We may face competition both in China and internationally for our lithium-ion battery intelligent equipment, PV intelligent equipment, 3C intelligent equipment, intelligent logistics equipment and other products. Additional competitors with significant market presence and financial resources may enter the markets in which we operate, and thereby intensify competition. These competitors may be able to reduce our market share by adopting more aggressive pricing policies than we can or by developing technologies and services that gain wider market acceptance than our products. Existing and potential competitors may also develop relationships with our customers in a manner that could significantly harm our ability to sell, market and develop our products. If we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition and results of operations may be materially adversely affected.

We are exposed to risks relating to the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees.

Our continued success is highly dependent upon the efforts of our senior management and other key employees. If either of them or any of our other key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, financial position and results of operations may be adversely affected. In addition, the future growth of our business will depend in part on our ability to attract and retain qualified personnel in all aspects of our business. However, competition to hire highly qualified personnel is intense and we cannot guarantee that we will be able to meet our staffing needs in the future. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be adversely affected.

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We may be unable to execute our strategies effectively.

Our business, results of operations and financial condition depend in part on our ability to effectively implement our growth strategies. For example, to expand our production capacity and boost our growth, we may construct additional production lines at our manufacturing facilities or construct new manufacturing facilities. If we encounter any issue during our international expansion or if we fail to manage our products portfolio expansion, our products and solutions may not gain market acceptance or realize revenue as predicted. In addition, we must continue to hire, train and effectively manage new employees. If newly hired employees perform poorly or if we are unsuccessful in hiring, training, managing and integrating new employees, our business, financial condition and results of operations may be materially and adversely affected. To effectively manage the expected growth of our operations and personnel, we will need to continue to improve our technological, operational and financial systems, policies, procedures and controls. All of these endeavors involve risks and will require significant managerial, financial and human resources. There is no assurance that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

We have a high concentration of customers.

The majority of our revenue is derived from our top five customers. Revenue from our five largest customers for each year/period in during the Track Record Period accounted for 73.8%, 57.0%, 45.6% and 52.4% respectively, of our total revenue for the respective year/period. Revenue from our largest customer for each year/period in during the Track Record Period accounted for 40.1%, 17.5%, 15.2% and 27.2% of our total revenue for the respective year/period. See “Business — Sales and Marketing and Customers — Our Customers.”

We operate in an industry where market players tend to have a high concentration of customers. We cannot assure that our major customers will not change their business scope or business model nor suspend their operation, while maintaining their operation in compliance with applicable laws and holding appropriate operating licenses and approvals, or they will not encounter any operating or financial difficulties. Additionally, we cannot assure you that we will be able to collect all or any of our trade receivables or at all, after meeting the agreed project payment milestones. Our customers may face unexpected circumstances, including, but not limited to, financial difficulties caused by decreased sales of their products. Our customers may delay or even default in their payment obligation. As a result, we may not be able to receive such customers’ payment of uncollected debts in full, or at all, and we may need to make provisions for trade receivables. Any material adverse changes in the business, operation and financial conditions of such customers may have a material adverse effect on us. There is no assurance that we are able to maintain a good relationship with our major customers, or that

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our major customers will continue to have high demands for our products in the future. Under the aforementioned circumstances, if we are unable to identify suitable new customers within a reasonable period of time, our business, financial condition and results of operation may be adversely affected.

Our success depends in part on our ability to enhance our manufacturing capabilities and to produce high quality products.

Our success depends in part on our ability to enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our manufacturing lines to meet the varying demands for our products. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages. Our ability and efforts to enhance our manufacturing capabilities are subject to significant risks and uncertainties, including:

- our ability to obtain funding for the additional capital expenditures, working capital and other corporate requirements to be used to enhance our manufacturing capabilities. We may be unable to obtain such funds in a timely manner or on commercially reasonable terms or at all;
- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts, components and utilities, shortages of workers, transportation constraints, disputes with contractors, engineering firms and equipment vendors, as well as equipment malfunctions and breakdowns;
- our ability to obtain the required permits, licenses and approvals from relevant government authorities;
- availability of the necessary technology or equipment from third parties or our internal research and development department;
- diversion of management attention and other resources; and
- manufacturing interruption caused by natural disasters or other unforeseen events.

Construction of new manufacturing facilities or the expansion of existing facilities also requires significant capital investment upfront, and it may take considerable time before such facilities achieve their expected capacity or breakeven point. Failure to construct or expand our manufacturing facilities in time or at all may drain our financial resources and adversely affect our business, financial condition and results of operations.

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We are subject to environmental, health and safety laws and regulations and production standards and it may be onerous and costly to comply with such regulations and standards.

Our business and/or operational activities, such as the manufacturing and sales of our lithium-ion battery intelligent equipment, PV intelligent equipment, 3C intelligent equipment, intelligent logistics equipment and other products, storage of raw materials and the transportation and exportation of our products, are affected by laws and regulations, administrative determinations, court decisions and similar constraints, especially the environmental and health and safety laws and regulations which are applicable to us.

Meanwhile, to comply with the extensive environmental laws and regulations relating to air and water quality, sewage management and public health and safety, we must file the environmental impact assessment report and obtain the environmental acceptance approval, obtain and renew relevant environmental licenses and accept the supervision and inspection of our safety production status by the relevant authorities to ensure that we comply with the relevant regulations on safe production. If we fail to or experience difficulties in obtaining such environmental approvals, licenses or filings or renewing such environmental approvals, licenses or filings after their expiry dates, or if we are found to have violated the law or have a potential accident during safety supervision and inspections, our production may be suspended and the relevant authorities may suspend our production and impose fines on us.

In addition, the applicable environmental, health and safety laws and regulations, administrative orders and court decisions continue to evolve, which may involve stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of manufacturing facilities, as well as a heightened degree of responsibility for companies and their officers, directors and employees. Any change or amendment to such laws or regulations may cause us to incur additional capital expenditures, costs that we may not be able to pass on to customers, or other obligations or liabilities, which could decrease our capital and our ability to pursue developments in other areas.

The liabilities, costs, obligations and requirements associated with these laws and regulations may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may result in penalties or fines, suspension or revocation of our relevant licenses, termination of government contracts or suspension of their operations.

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Our failure to meet contractual commitments could harm the results of our operations.

In our contracts with customers, we regularly give representations and warranties in connection with the performance and delivery time of the products we supply. Our products may be used in the manufacturing facilities of our customers, which can be located domestically and overseas in conditions not subject to our control. Unexpected technical problems, unforeseen developments at factories of our customers, problems with partner companies, suppliers or supplies from our own manufacturing facilities and other logistic difficulties can delay the progress of a project and lead to additional costs. While we record revenue from the sales of our products after our customers test and accept the goods delivered, we cannot guarantee that we will not be subject to additional liability or costs in the subsequent period. During the warranty period of our products, if the products are unsuccessful in performing in a manner that we have warranted, we may have to pay penalties or cure our performance at our own expense. Furthermore, we may not be able to seek indemnification from a supplier for the delivery of deficient or faulty raw materials and components. Each of these circumstances could have a material adverse effect on our business, financial condition and results of operations.

In addition, our contract liabilities are recognized when the advance payments are received but revenue has yet been recognized. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had contract liabilities of RMB10,131.5 million, RMB12,572.7 million, RMB11,597.0 million and RMB13,294.7 million, respectively. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of such contract liabilities will not be recognized as revenue. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

Our business requires a number of approvals, licenses, permits and certificates, and we may not be able to obtain or renew these approvals, licenses, permits and certificates in a timely manner.

We are subject to certain laws and regulations that require us to obtain and maintain various approvals, licenses, permits and certificates from different authorities to operate our business and, in particular, for exporting our products to certain countries and discharging sewage. We may face sanctions or other enforcement and administrative actions if we fail to obtain approvals, licenses, permits and certificates as might be necessary for our operations. We could be ordered by the relevant regulatory authorities to cease operation, or may have fines imposed on us or be required to undertake corrective measures requiring additional capital or other remedial actions, which could materially and adversely affect our business, financial condition and results of operations.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. We cannot assure you that we can successfully obtain such renewals and/or reassessment. Any failure by us to obtain the necessary renewals and/or reassessment and otherwise maintain all approvals, licenses, permits

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and certificates necessary to carry out our business at any time could cause severe disruption to our business and prevent us from continuing to carry out our business, which could have a material adverse effect on our business, financial condition and results of operations.

We may also be required to obtain additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses as a result of new regulations coming into effect, changes to interpretation or implementation of existing laws and regulations. We cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

Our production depends on a stable, timely and adequate supply of utilities and auxiliary materials and various services from third-party providers.

In addition to raw materials and components related to our products, we rely on the supply of energy, power and auxiliary materials in order to maintain our manufacturing processes. Our manufacturing volume and costs are dependent on our ability to source such materials at acceptable prices and maintain a stable supply. There can be no assurance that shortages of supply utilities and auxiliary materials will not occur in the future or that we will be able to pass on any cost increases in utilities and auxiliary materials to our customers. Moreover, if the supply of utilities and auxiliary materials is affected by natural disasters, adverse weather conditions, suppliers' equipment failures, disruptions in transport or other inclement factors, we may not be able to locate alternative sources of supply in sufficient quantities, of suitable quality and/or at acceptable prices. Any such events may have a material adverse effect on our business, financial condition and results of operations.

Our current and future fixed-price (or lump sum) contracts may result in significant losses if costs are greater than anticipated.

Most of our contracts are at a fixed price, meaning that any significant cost overruns have a direct and immediate impact on our results of operations if we are unable to negotiate an adjusted price with our customers. Cost overruns are an inherent risk in our business and the long-term nature of our contracts can make it particularly difficult to accurately predict costs. For example, we rely in many cases on local external service providers and suppliers with whom we negotiate to perform tasks under our contracts. If those external service providers and suppliers fail to perform as expected or incur higher than expected costs, it may be difficult for us to pass those costs through to our customers. There can be no assurance that we will be able to avoid unforeseen costs. In addition, we may not be able to reach a mutually agreed price adjustment with our customers. If we are unable to renegotiate contract prices over the course of a project to take into account such unexpected increased costs, we will be forced to absorb them, which could materially and adversely affect our financial condition and results of operations.

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We may experience delays, disruptions, work stoppage or other labor-related issues in our manufacturing operations.

Our product development, manufacturing and testing processes are complex and require significant technological and production management expertise. Such processes involve a number of precise steps from design to production. Any change in our processes could cause one or more production errors, requiring a suspension or delay in our production line until the errors can be researched, identified and properly addressed and rectified. This may occur particularly as we introduce new products, modify our engineering and production techniques and expand our production capacity. In addition, our failure to maintain appropriate quality assurance processes could result in increased product failures, loss of customers, increased production costs and delays. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

We may experience material delays, disruptions and quality control issues in our operations for a number of reasons, such as power outages, equipment failure, contaminated materials, pandemic impacts or process deviations, which would adversely impact our manufacturing processes or delay product shipments. As a result, we could incur additional costs that would adversely affect our profitability, and product shipments to our customers could be delayed beyond the schedules requested, which would negatively affect our revenue, competitive position and reputation.

Furthermore, while we have a good working relationship with our employees and have not experienced any material work stoppages, strikes or other major labor problems in the past, there is no assurance that any such events will not arise in the future. If our employees were to engage in work stoppage, we could experience significant disruption to our operations and/or higher ongoing labor costs, which may have an adverse effect on our businesses, financial condition and results of operations.

In addition, labor costs in regions where we operate have 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.

We may face risks associated with defective products and the unsatisfactory performance of our products.

Our products may expose us to potential product quality claims if they fail to perform as expected, are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in project delays or damages or other adverse effects. If our products do not meet specifications or requirements enforced by regulators in overseas countries or requested by our customers (as the case maybe), we may be subject to product quality claims or litigation. Any product quality claim, regardless of whether relating to project delays or damages, or

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related regulatory actions could prove costly and time-consuming to defend and could potentially prejudice our brand reputation and our relationship with our customers. If successful, product quality claims may require us to pay substantial damages. Furthermore, certain product quality claims may be the result of defects from parts and components purchased from third-party suppliers. Such third-party suppliers may not indemnify us for defects as to such parts and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product quality claim. Any product quality claim, either with or without merit, may also result in significant negative publicity and thus materially and adversely affect the marketability of our products and our reputation, our relationship with customers, as well as our business, financial condition and results of operations.

We are subject to various regulatory and customer requirements and may not be successful in maintaining an effective quality control system.

The performance, quality and safety of our products are critical to our customers and our success. The effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs and our employees' adherence to our quality control policies and guidelines, and should cover all stages of manufacturing processes, including raw material and component procurement and both semi-finished and finished products. If we fail to maintain an effective or adequate quality control system, we may manufacture defective products that would expose us to warranty claims which may include return, replacement or recall of our products and other compensation and product liability. Any such claim, regardless of whether it is ultimately successful, could cause us to incur significant costs, prejudice our business reputation and result in significant disruption to our operations. Furthermore, if any such claim is ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our results of operations and financial condition.

Our operations are subject to a variety of laws and regulations in the jurisdictions where our products are sold relating to production safety, health and environmental conditions. To comply with them, we need to implement and maintain an effective quality control system to perform various inspections over the course of our entire manufacturing process. Despite our efforts, we cannot assure you that our quality control system will always be effective. Any significant failure or deterioration of our quality control system in respect of, among other things, our manufacturing process and product inspection may seriously damage our product quality. A decline in product quality will affect our reputation in the market and among our existing or prospective customers, which may lead to reduced orders or loss of customers, and will severely harm our business, financial condition and results of operations.

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We may need additional capital for business growth, product development and technology R&D programs and marketing efforts. If we are unable to raise capital in a timely manner or on acceptable terms, or at all, we could incur losses and be forced to delay, reduce or eliminate such efforts.

We may require additional capital beyond that generated by the operating activities from time to time to carry out research and development activities for developing and enhancing our products and technologies, grow our business and better serve our customers, among other things. Accordingly, we may need to issue additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing shareholders, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our A shares and H Shares. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders. Our ability to maintain or obtain additional capital in a timely manner or on commercially acceptable terms is subject to various factors, including general market conditions for capital raising activities by our peers as well as economic, political and other conditions in China, Hong Kong and globally. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our research and development and business growth could be significantly impaired, and our business and prospects may be adversely affected.

We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We strive to strengthen and differentiate our product portfolio by developing new products and making product improvements. As a result, we regard our intellectual property as critical to our success. We will continue to rely on a combination of patents, trade secrets, know-how, trademarks and copyrights to protect our intellectual property, but this protection may be inadequate. For example, there may be a leakage of our trade secrets or know-how, and our pending or future patent applications may not be registered or approved or, if allowed, they may not be of sufficient strength or scope to protect our intellectual property. As a result, third parties may challenge our patent applications or use the technologies and proprietary processes that we have developed and compete with us, which may adversely affect any competitive advantage we enjoy, dilute our brand and materially and adversely affect our results of operations.

In addition, policing the unauthorized use of our proprietary technology can be difficult and expensive. Our success largely depends on our ability to use and develop our technology, know-how and product designs without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. The holders of patents and other intellectual property rights potentially relevant to our product offerings may be unknown to us or may

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otherwise make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to and relied on by us that are subject to infringement or other similar allegations or claims by third parties which may damage our ability to rely on such technologies. In addition, although we endeavor to ensure that companies that work with us possess appropriate intellectual property rights or licenses, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative research and development activities. Our current or potential competitors may have obtained or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products in China or other countries.

The defense of claims, including patent infringement suits and related legal and administrative proceedings, can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to pay damage awards, seek licenses from third parties or pay additional ongoing royalties, which could decrease our profit margins, redesign our products or be restricted by injunctions.

These factors could effectively prevent us from pursuing some or all of our businesses and result in our customers or potential customers deferring, canceling or limiting their purchase or use of our products, which may have a material and adverse effect on our business, financial condition and results of operations.

We may be exposed to infringement or misappropriation claims by or disputes with third parties, which could cause us to lose significant rights and pay substantial damages.

Companies operating in our industry routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. Our products and technologies and any uses of our products and technologies may infringe third parties' intellectual property rights. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management and technical personnel from our business operations. In addition, our employees could have used third parties' proprietary know-how or trade secrets during their employment with us, which could result in litigation against us. Prior to our development of major new products, our competitors may make filings for patent protection that may not be publicly available and which our new products may infringe. If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology or barred from developing and commercializing certain products, or we may be required to pay burdensome royalties to license their products. If we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated intellectual property rights of others,

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we may be forced to pay substantial damage awards to the plaintiff. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not be successful, the failure of which may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks in relation to work safety and occurrence of accidents, as well as other operational, transportation and occupational-related risks.

We bear the related risks associated with our manufacturing activities, including work injury accidents. Such dangers may result in personal injuries or fatalities and damage to property and equipment, which may cause personal injury claims, cessation of business, or civil, administrative and criminal penalties. If any such accident occurs, we may also be liable for claims from third parties. If we fail to protect third parties or ourselves from such potential liabilities, we may incur significant costs, which would have a material and adverse effect on our financial condition and results of operations.

Regulatory permits required for our operations may also be subject to periodic renewal and, in certain circumstances, modification or revocation. We may have to obtain approvals from various governments and other statutory authorities for any proposed expansion plans which may result in the delay in execution of any such expansion and also result in certain financial implications. There can be no assurance that the relevant authorities will issue or renew any such permits or approvals in time or at all. Any failure to obtain, maintain or renew the requisite permits or approvals within applicable time or at all may result in interruption of our operations.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.

Significant political, trade, or regulatory developments in the jurisdictions in which we and our customers operate, such as those stemming from the current U.S. federal administration, are difficult to predict and may have a material adverse effect on us. Similarly, changes in U.S. federal policy could give rise to circumstances outside our control that could have negative impacts on our customer's business which may in turn affect demand for our products our business operations, including as a result of an economic downturn and geopolitical events, such as changes in U.S. federal policy that affect the geopolitical landscape. Changes to policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, the U.S. regulatory environment, inflation and other areas.

Our customers' business may be impacted by the imposition of tariffs by the U.S. and any resulting retaliatory tariffs in the countries in which they operate. During the course of February and April 2025, President Trump implemented tariffs on several major trading partners, including Canada, China, the European Union and Mexico, with a baseline of 10%

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tariffs on all countries and an additional individualized reciprocal higher tariff on the countries with which the United States has the largest trade deficits. On April 2, 2025, President Trump signed an executive order imposing reciprocal tariffs of 34% for Chinese imports, with further increases of said reciprocal tariffs under executive orders of April 8, 2025 and April 9, 2025 to 125%, effective April 10, 2025. In response, China also announced reciprocal tariffs of 34% on U.S. goods on April 4, 2025, which subsequently increased to 125%, effective April 12, 2025. On May 12, 2025, the U.S. and China issued a joint statement announcing that the U.S. will (i) suspend 24% of the tariffs on Chinese goods under its executive order of April 2, 2025 for an initial period of 90 days, while retaining the remaining rate of 10%, and (ii) remove the additional tariffs introduced under executive orders of April 8, 2025 and April 9, 2025. Similarly, China will also suspend 24% of the tariffs on U.S. goods announced on April 4, 2025 while retaining the remaining 10%, and remove the subsequent additional tariffs imposed. There is significant uncertainty on how the relevant tariffs or other trade restrictions measures may evolve, and any rising political tensions, as well as increases in tariffs or changes to trade policies between the U.S. and China, may have a significant impact on our customers' business which may in turn adversely affect demands for our products and business.

Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also between the U.S. and other countries in the international community. There is a risk that other countries may implement retaliatory tariffs on U.S. goods and that the U.S. may respond with additional tariffs or export controls. There is also significant uncertainty as to whether countries will be able to successfully reach any trade deals with the U.S. that would reduce tariffs. Rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between major international economies. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and results of operations.

Our global operations subject us to various applicable sanctions and export controls regulations. We have exported our products to various countries and regions and derive significant sales from exporting to these countries and regions. Our revenue from overseas sales increased from RMB1,195.4 million in 2022 to RMB2,241.6 million in 2023 and further increased to RMB2,831.3 million in 2024, accounting for 8.6%, 13.6% and 24.0% of our total revenue for the respective years. Our revenue from overseas sales remained relatively stable at RMB2,199.8 million in the nine months ended September 30, 2024 and RMB2,015.3 million in the nine months ended September 30, 2025, respectively, accounting for 24.3%, and 19.4% of our revenue in the same periods, respectively. During the Track Record Period and up to the Latest Practicable Date, we had no sales to (i) any comprehensively sanctioned countries; and (ii) any Entity List entities that is in violation of the Export Administration Regulations or other major sanction list targets and maintained relevant internal control and export control measures in place to guide our general operations. In the event that any of these countries or regions to which we export imposes economic sanctions or enforces import restrictions or tariffs in relation to our products, our business and operations may be adversely affected.

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On October 9, 2025, MOFCOM and the General Administration of Customs issued the Decision on the Implementation of Export Control on Related Items of Lithium Batteries and Artificial Graphite Anode Materials (《對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》(商務部海關總署公告2025年第58號)) (“**Announcement No. 58**”), which introduced export control measures covering certain lithium-ion battery-related items, related technologies and certain manufacturing equipment used for rechargeable lithium-ion batteries, including winding machines, stacking machines, electrolyte-injection machines, hot presses, formation and capacity-grading systems and capacity-grading cabinets. Although Announcement No. 58 was originally scheduled to take effect on November 8, 2025, it was announced on November 7, 2025 that implementation of Announcement No. 58 would be suspended until November 10, 2026. As of the Latest Practicable Date, Announcement No. 58 has not been implemented. The regulatory position remains subject to change. If Announcement No. 58, or similar export control measures, are implemented and become applicable to the equipment and related technology we manufacture, sell or export, the applicable regulatory procedures could increase our compliance costs and introduce additional uncertainty in export execution, including the need to complete additional approvals and comply with enhanced declaration and item-identification requirements. These requirements, and any changes in regulatory interpretation or implementation, could result in longer processing times, delays in customs clearance, delivery disruptions and reduced overseas sales, which could materially and adversely affect our business, financial condition and results of operations.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments and persons targeted by U.S. sanctions. European Union sanctions also have similar regimes to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

Additionally, we may be subject to review and enforcement under domestic and foreign laws that screen foreign investment and acquisitions. In both the U.S. and non-U.S. jurisdictions, these regulatory requirements may treat companies differently based on the type of company in question and investor profile in the company. As a result of these laws, investments by particular investors may need to be filed with local regulators, which in turn may impose added costs on our business, impact our operations; and/or investments by particular investors may be prohibited, which limits our ability to engage in strategic transactions that might otherwise be beneficial to us and our investors. These laws are also regularly changed and updated. For example, recently issued U.S. government regulations (such as a final rule (the Outbound Investment Rule) implementing Executive Order 14105) which took effect in January 2025 and will restrict U.S. person direct and indirect investment

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into companies with specified connections to China that use specific technologies of concern. Additional U.S. legislation has been proposed that would further expand the set of technologies of concern. These rules may limit our ability to engage in certain kinds of research or to invest or maintain investments in China; they may also limit our ability to raise capital from U.S. and other sources. The interpretation and enforcement of these rules are evolving and unclear. If there are any such changes in the future, either to the rules or to our business, our future fundraising activities may potentially be subject to restrictions regarding investments or otherwise. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our strategic initiatives, financial performance and growth prospects.

We have operations in multiple jurisdictions. Therefore, government policies affecting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or affect our capability to sell products in certain countries or regions. If any new tariffs, legislation or regulations are implemented (including those imposing economic or trade sanctions and those regarding export control or outbound investments), or if existing trade agreements are renegotiated, such changes could affect our business, financial condition and results of operations. Moreover, as our business is closely interrelated with the performance of our customers’ end-use products in the marketplace, if our customers are subject to restrictive measures of trade protection or export control, our performance and income will be adversely affected.

In recent years, there have been heightened complexities in international relations. Such tensions could reduce levels of international trade, investment, technological exchange and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers’ business, prospects, financial condition and results of operations. Economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products. The current international trade tensions and political tensions and any escalation of such tensions, may have a material negative impact on our ability to continue to sell to global customers and further expand our customer base. Geopolitical conditions may also lead to heightened restrictions on foreign investments, introducing increased compliance requirements and uncertainty for investors.

Fluctuations in foreign currency exchange rates could adversely affect our business.

Our sales, costs of sales and services, expenses and our borrowings and loans are currently denominated primarily in Renminbi, Euro, U.S. dollar, Japanese Yen, Swedish Krona and others, while our financial statements are reported in Renminbi. As a result, fluctuations in exchange rates, particularly among the Renminbi, Euro, U.S. dollar and other currencies, could affect our profitability. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our net foreign exchange gains were RMB31.7 million, RMB9.5 million, RMB45.9 million, RMB16.1 million and RMB35.0 million, respectively. We may not be able

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to accurately predict the impact of exchange rate fluctuations on our results of operations and may incur net foreign exchange losses, which may have a material and adverse effect on our financial condition and results of operations.

In addition, an appreciation in the value of the Renminbi against foreign currencies could increase the prices of some of our products, thereby making them less appealing to our overseas customers, which could adversely affect our strategy in our overseas markets. On the other hand, depreciation in the value of the Renminbi against foreign currencies could result in an increase in the costs of certain raw materials, parts and components that are primarily sourced from overseas suppliers, which could in return adversely affect our profit margin for certain products.

We may not be able to enjoy certain government grants and incentives we received in the past.

We and some of our subsidiaries in the PRC are entitled to tax incentives. Our Company, Zhuhai Titans New Power Electronics Co., Ltd. and several of our subsidiaries were certified as a High-tech Enterprise from 2010 and 2016, to now. According to the relevant provisions of the EIT Law and its implementation regulations, our Company enjoyed a preferential enterprise income tax rate of 15% during the Track Record Period. In addition, our Company and Zhuhai Titans New Power Electronics Co., Ltd. have been confirmed by the State Taxation Bureau to enjoy the value added tax refund policy. According to “Notice of the Ministry of Finance and the State Administration of Taxation on the Value Added Tax Policy for Software Products” (Cai Shui [2011] No. 100) (《財政部國家稅務總局關於軟件產品增值稅政策的通知》(財稅[2011]100號)), for value added tax general taxpayers that sell software products developed and produced by them, after the value added tax is levied, the portion of the actual value added tax that exceeds 3% will entitle them to the immediate refund policy. See Note 11 to the Accountants’ Report in Appendix I to this document. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded unconditional government grants of RMB22.8 million, RMB22.2 million, RMB28.1 million, RMB21.2 million and RMB8.9 million, respectively. Such grants and incentives are provided to us at the discretion of the relevant government authorities or subject to periodic review, and if we and our subsidiaries are no longer determined to qualify for the grants and incentives, we may not be able to continue enjoying them, which may materially and adversely affect our business, results of operations and financial condition.

We recorded a significant amount of goodwill, which may not be fully realizable and may be reduced by future impairment charges.

We have recorded a significant amount of goodwill as a result of acquisition of 100% equity interests in Zhuhai Titans New Power Electronics Co., Ltd. in 2017. Total goodwill, which represents the excess of our acquisition costs over the fair value of the net assets of businesses acquired, was RMB1,086.6 million as of December 31, 2022, 2023, 2024 and September 30, 2025. The value of any goodwill recorded on our financial statements may not be fully realizable upon a sale of all or part of the business or any other liquidity event.

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Goodwill is recorded on the date of acquisition and, in accordance with IFRS Accounting Standards, is tested for impairment annually and whether there is any indication of impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. We can give no assurance that we will not record any goodwill impairments in the future. Any future impairment of goodwill may result in material reductions of our income and equity under IFRS Accounting Standards.

We may be unable to identify, capture or execute expansion opportunities for new businesses, and acquired businesses may have unknown or contingent liabilities, which may affect our business, results of operations, financial condition and prospects.

We expanded our business through our acquisition of Zhuhai Titans New Power Electronics Co., Ltd. in 2017 and may continue to expand in the future. There is no assurance that we will identify suitable targets to expand our business, negotiate commercially acceptable terms for such expansion, or successfully integrate any new assets or businesses in the future. Even if we are able to identify suitable targets, such expansion can be difficult, time-consuming and costly to execute, and we may not be able to secure necessary financing for such expansion. Unsuccessful expansion plan may have an effect on our business and financial condition.

In addition, businesses that we acquire may have unknown liabilities, including liabilities for failure to comply with applicable laws, regulations and rules. We cannot assure you that our due diligence conducted will uncover all material unknown liabilities or other negative developments, such as bankruptcy, insolvency, liquidation or dissolution, or that the acquired businesses will be viable. We may also suffer reputational and financial impact for actual or alleged inferior product qualities that occurred at the targets prior to our acquisition and need to respond to claims initially as dissatisfied customers will likely pursue their claims against the targets and us.

Our future expansion work, which includes but is not limited to identifying suitable targets to expand our business and negotiating commercially acceptable terms for such expansion, and subsequent ramping up and integration efforts would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn, could have an effect on our existing business operations and financial conditions.

If we are not able to identify, capture or execute opportunities to expand our operations successfully, or if we suffer reputational or financial harm caused by unknown or contingent liabilities of the targets we acquire, our business, financial condition, results of operations and prospects could be affected.

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The fair value measurements of certain financial assets require the use of estimates that are based on unobservable inputs, which inherently involves a certain degree of uncertainty, and our financial position and results of operations may be adversely affected by fair value changes in our financial assets measured at fair value through profit or loss.

Some of our financial assets are measured at fair value, which include structured deposits issued by banks and financial institutions. For financial reporting purposes, fair value measurements of these financial assets are categorised into level 1, 2 or 3, based on, among other things, the degree to which the inputs to the fair value measurements are “observable.” The fair value of financial assets classified in levels 1 and 2 is determined on observable prices and inputs, while the determination of the fair value of level 3 financial assets is based on valuation techniques and various assumptions of inputs that are unobservable which inherently involve a certain degree of uncertainty. See “Material Accounting Policy Information” in Notes 4 to the Accountants’ Report as included in Appendix I to this Document for more information.

Changes in these unobservable inputs will affect the estimated fair value of our level 3 financial assets, which leads to uncertainty in accounting estimation. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these assets. These factors include but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Many 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. We are also subject to credit risks of our counterparties for our financial assets measured at fair value. A substantial decrease in the fair value of our financial assets may have an adverse effect on our financial position and may cause us to recognize a significant fair value change in financial assets at fair value through profit or loss which may in turn adversely affect our results of operations.

We may incur substantial additional indebtedness and increased cost of indebtedness in the future, could materially and adversely affect our business, results of operations and liquidity.

During the Track Record Period, we had certain borrowings to finance our business operations and capital expenditures. We expect that we may continue to do so in the future and our liquidity risk may increase. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had borrowings of nil, RMB184.2 million, RMB4,262.8 million and RMB3,206.5 million, respectively. The interest rate of our bank loan ranged from 2.20% to 2.70% per annum. See “Financial Information — Indebtedness — Borrowings.”

We are exposed to interest rate risk resulting from interest rate fluctuations for some of indebtedness. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects.

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High indebtedness levels could necessitate a greater allocation of our cash flow towards principal and interest repayments, limiting funds available for working capital and strategic initiatives. Additionally, it may constrain our flexibility in adapting to industry changes or pursuing new opportunities, restrict access to further financing, and heighten our exposure to interest rate fluctuations and unforeseen adverse events. Additionally, restrictive covenants in the the indebtedness may further limit our capacity to raise additional debt or equity financing, potentially leading to defaults that could accelerate repayment obligations, jeopardizing our financial stability. If we fail to manage our indebtedness properly, our business, results of operations and financial condition may be materially and adversely impacted.

Our deferred tax assets may not be recoverable, which may affect our financial conditions in the future.

As of December 31, 2022, 2023, 2024 and September 30, 2025, our deferred tax assets amounted to RMB228.6 million, RMB401.1 million, RMB592.3 million and RMB477.2 million respectively. Deferred tax assets arise from the deductible temporary differences between the carrying amounts of assets and liabilities from financial reporting purposes and their tax base, as well as unused tax losses and unused tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant judgment on the tax treatment of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee that the recoverability of our deferred tax assets and to what extent they may affect our financial condition in the future.

Any disruption to our information technology systems or any system security threats may pose a risk to our systems, networks, products and services.

The efficient operation of our business depends on the smooth and efficient operation of the information technology systems. We rely on these systems for, among other things, the management of customer information, management of inventory and billing, financial and budgeting data. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems. Such systems are subject to certain risks, such as malfunction, nature disasters and the cyber security risks. Our cybersecurity measures may not detect or prevent all attempts to compromise our information technology systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our information technology systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our information technology systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our information technology system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to or sabotage systems change

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frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against these attacks. Any disruption to our information technology systems may cause interruptions in the manufacturing capacity and maintenance of proper business operations, and may cause further adverse impact on our reputation and the perception of our product quality.

We cannot guarantee that any disruption to our information technology systems or any system security risks will not occur in the future and we could repair or replace information technology systems in a timely and cost-effective manner, all of which could adversely affect our business, financial condition and results of operations.

The insurance coverage we have may not adequately protect us against all operating risks.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

Despite the fact that we purchase statutory social insurance and the necessary insurance types in accordance with relevant laws and our assets (including fixed assets, vehicles and overseas investments), employee safety, cargo transportation and other applicable items/risks are covered by commercial insurance after risk assessment and management team approval, we may not have adequate or full business liability, interruption or litigation insurance coverage for our operational risks in China and overseas. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may be involved in legal and other disputes and claims from time to time arising from our operations and any litigation, legal and contractual disputes, claims or administrative proceedings against us and any failure to comply with relevant laws and regulations may expose us to legal risks.

We may be, from time to time, involved in litigation, other legal proceedings or disputes with our employees, suppliers or customers during the ordinary course of business operations related to, among other things, products and other types of liability, labor disputes or contractual disputes. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation,

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substantial costs and diversion of resources and management's attention from our business activities. We are currently involved in some legal proceedings relating to our business operations. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our reputation, business, prospects, financial condition and results of operations.

Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and aboard. Any losses or unauthorized access to or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

Our business involves the utilization and storage of confidential information, including but not limited to personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and aboard. In many cases, these laws apply not only to third-party transactions, but may also restrict transfers of personal information between us and our overseas subsidiaries. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with other domestic and foreign privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities. As with all companies, our data security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents.

We may be the subject of unfair competition, harassing or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings and the public dissemination of malicious statements related to us that could harm our reputation and affect our business operations.

As an established brand, our image is sensitive to the public's perception of us as a business in entirety, which includes not only the quality of our products, but also our corporate management and culture. We cannot guarantee that we may not be the subject of unfair competition, harassment, or other detrimental conduct by third parties. Such conduct includes complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time. Additionally, allegations against us, may be disseminated by anyone, whether or not related to us. Social

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media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. Although we had promptly taken clarification or rectification measures when we faced negative publicity in the past, it cannot be assured that such measures will always be effective in the future. Any such detrimental conduct against our Company, Directors, employees, spokespersons or products, regardless of veracity, could harm our reputation, or lead to potential loss of consumer confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

We may not be able to detect or prevent fraud or other misconduct committed by our employees, agents, suppliers, customers or other third parties.

We may be exposed to fraud or other misconduct committed by our employees, agents, suppliers, customers or other third parties that could not only subject us to financial losses and sanctions imposed by governmental authorities but also adversely affect our reputation. Such misconduct could include: hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to our decision-making processes; improperly using or disclosing confidential information; engaging in improper activities such as offering bribes to counterparties in return for any type of benefit or gain; misappropriation of funds; conducting transactions that exceed authorized limits; engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities; engaging in smuggling, embezzlement, theft or other criminal activities; engaging in unauthorized or excessive transactions to the detriment of our customers; or otherwise not complying with applicable laws or our internal policies and procedures.

Our internal control measures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, especially those committed by suppliers or other third parties, and the precautions we take to prevent and detect such activities may not be effective. There is no guarantee that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result. The failure to detect and prevent fraud and other misconduct may have a material adverse effect on our reputation, business, financial condition and results of operations.

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Natural disasters, public health and public security hazards may severely disrupt our business and operations.

Our business is subject to general economic and social conditions in China and other countries and regions where we operate. Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts pose significant risks to the regions, including the cities where we conduct our operations. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in global or regional political and economic policies could have an adverse effect on our business, financial condition, results of operations and subsequently challenge our competitive position.

Our business, financial condition, results of operations and prospects could be affected by economic, political and legal developments in the market where we operate. The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies. There have been concerns over the Russia-Ukraine war, as well as unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. In addition, the Red Sea crisis, which began on October 19, 2023, disrupted international maritime trade and the global supply chain. With the Suez Canal of the Red Sea being a critical conduit for approximately 30% of the world’s container traffic, the crisis has since been causing surges in shipping costs. The Red Sea crisis persisted as of the Latest Practicable Date. It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. In particular, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation could affect the business and economic environment, the growth of the new energy equipment industry and ultimately, the profitability of our business. Governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, foreign exchange and other aspects of the economy, as well as government’s measures or policies in regulating particular industries or companies may affect our business and results of operations. For example, the government may implement various measures to encourage economic growth and

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guide the allocation of resources, including the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises. We cannot guarantee the extent to which our business operations will be able to benefit from such measures or whether such measures may have negative effect on us. Furthermore, the speed of global or regional economic growth may vary from year to year, and such growth may be uneven, both geographically and among various industry sectors. If the business environment in the markets where we operate changes, our business may be materially and adversely affected.

Policies regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payment to holders of the H Shares.

Currently, the conversion of Renminbi into foreign currency needs to comply with the relevant laws and regulations, and exchange and remittance of foreign currencies are subject to relevant foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, we will have sufficient foreign currency to meet our demand for foreign currency. Under the current PRC foreign exchange regulatory 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 financial institutions within the PRC that have the license to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE or its local branch except for foreign exchange capital, foreign debts and repatriated funds raised through overseas listing. If we fail to obtain approval from the SAFE to exchange the Renminbi into any foreign currencies for any purposes, our capital expenditure plans, businesses, results of operations and financial condition may be adversely affected. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions under certain circumstances in the future. If there are changes in the policies regarding the payment of dividends in foreign currencies or other changes in foreign exchange policies resulting in insufficient foreign exchange, we may not be able to pay dividends in foreign currencies to the holders of the H Shares and even our business may be materially and adversely affected.

Failure to comply with the Labor Contract Law or other PRC labor related regulations and rules may have an adverse impact on our financial conditions and results of operation.

Pursuant to the Labor Contract law of the PRC and its implementation rules, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, remuneration, overtime limitations, term of probation and unilateral termination. In the event that we decide to terminate the employment of some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may require us to consider further administrative and financial implications, which could adversely affect our business and results of operations. In addition, companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary among local governments

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in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. We have opened social insurance registration accounts and housing provident fund accounts in accordance with laws and regulations related to social insurance and housing provident funds and paid social insurance and housing provident fund contributions for our employees. However, our calculation methods of contribution of certain of our employees may differ from local requirements. We may be required to pay any shortfall in social insurance and housing provident fund contributions within a prescribed time period and penalties by the relevant authorities. As advised by our PRC Legal Advisor, (i) we did not receive any administrative penalties from relevant authorities for violation of laws, rules and regulations relating to social insurance and housing provident funds contributions during the Track Record Period, and (ii) the risk of us being required to pay the historical shortfalls collectively or subject to material administrative penalties by relevant labor resources and social welfare government authorities and housing funding government authorities for the above-mentioned issues related to social insurance and housing provident funds during the Track Record Period is remote.

In addition, pursuant to the Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of 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)》), promulgated on July 31, 2025 and effective since September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people’s court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law of the People’s Republic of China, the people’s court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people’s court shall support such requests in accordance with the law.

We have adopted a set of internal policies in relation to social insurance and housing provident fund contributions. We will endeavor to pay future social insurance and housing provident fund for our employees in accordance with applicable laws and regulations upon [REDACTED]. Based on relevant practices of social insurance contributions, the adjustment of the social insurance contribution base is usually made during a designated time period each year and such time period varies in different regions pursuant to the local requirements. Therefore, upon the [REDACTED], we will, upon request by the relevant authorities, adjust the social insurance contribution base as soon as the administrative windows open and make full payment of social insurance for our employees within the stipulated timeframe as required by the relevant authorities, if we are ordered to make such adjustment.

The interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations are still evolving. The application of such regulations may be subject to changes and we cannot predict how these laws, regulations and rules will be

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interpreted and enforced. There can be no assurance that our practice in handling employment-related matters does not and will not violate labor or employee welfare-related laws and regulations in markets where we operate, which may subject us to labor disputes or administrative measures. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors and our senior management.

A substantial part of our assets and a majority of our Directors and senior management are located in China. As a result, it may not be possible for investors to effect services of process upon us, or our Directors or senior management who reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 3, 2008, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2008 Arrangement. Under the 2008 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the New Arrangement. Effective as of January 29, 2024, this mechanism seeks to establish a mechanism with greater clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between the PRC court and Hong Kong court. However, the 2008 Arrangement will remain applicable to a “choice of court agreement in writing” within the meaning of the 2008 Arrangement, which was made before the effective date of the New Arrangement.

Any uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

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We are subject to certain uncertainties embedded in the legal systems of some geographic markets where we operate. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject the enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in some of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the intelligent equipment and affect our business, financial condition and results of operations.

If we fail to meet the extensive requirements relating to supervision of listed companies in the PRC, our business, results of operations and financial condition could be adversely affected.

As a listed company in the PRC, we are subject to extensive requirements relating to the supervision of listed companies in the PRC, which are designed to standardize the operation of listed companies, enhance the corporate governance of listed companies, protect the legal rights and interests of investors, promote the steady and healthy development of China’s capital market and safeguard the social and economic order and social and public interests. These regulations often impose corresponding requirements on all aspects of listed companies, including, but not limited to, governance structure, trading practices and information disclosure. The PRC regulatory authorities, including, but not limited to, the CSRC and the

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Shenzhen Stock Exchange, conduct periodic inspections, examinations and inquiries in respect of our compliance with such requirements. Despite our efforts to comply with applicable regulations, we cannot assure that we will be able to meet all the applicable regulatory requirements, or comply with all the applicable regulations and guidelines at all times. Failure to comply with such requirements could result in self-regulatory measures, disciplinary sanctions, rectification, warning or fines. In the event we are penalized, our business, results of operations and financial condition could be adversely affected.

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

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from 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) which states that individuals' income from the

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transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《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). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under EIT Law and the Implementation Rules 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》), enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders’ meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

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Although our offshore subsidiaries have substantive business operations in the countries or regions where they located, as our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

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

On February 17, 2023, the CSRC issued 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》) and five supporting guidelines, which had become effective on March 31, 2023 together with several follow-up supporting guidelines, (the “Trial Measures”). The Trial Measures are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC (“PRC domestic companies”) and (ii) companies incorporated overseas with substantial operations in the PRC. The Trial Measures lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, see “Regulatory Overview — Laws and Regulations on Overseas Offering and Listing.” The Trial Measures, or any pertinent rules or regulations promulgated in the future, has and will subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements will significantly limit or completely hinder our future financing activities.

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and several of our subsidiaries in mainland China have been qualified as high-tech enterprises or engaged in policy-encouraged businesses, accordingly; they were entitled to a preferential income tax rate of 15% during the Track Record Period. See Note 11 to the Accountants’ Report in Appendix I to this document. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in mainland China may also result in

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penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in mainland China and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. We have also adopted transfer pricing arrangements among our group companies in various countries and regions to regulate intragroup transactions. As such our Group’s tax position may be subject to review by relevant government authorities and changes in law. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to invest more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes payable is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

RISKS RELATING TO THIS [REDACTED]

We will be concurrently subject to PRC and [REDACTED] listing and regulatory requirements.

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shenzhen Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A

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Share markets. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED], as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

An active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity will develop and be sustained following the completion of [REDACTED]. The initial [REDACTED] for our H Shares to the public will be the result of negotiations, and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following the [REDACTED].

We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]). However, the [REDACTED] on the Stock Exchange does not guarantee that an active and liquid [REDACTED] for the H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will not decline following the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares could be materially and adversely affected.

The [REDACTED] of our H Shares may be volatile, which could materially and adversely affect the market price of our H Shares.

The [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the [REDACTED] of our Shares. In addition to market and industry factors, the [REDACTED] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

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You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H 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. In order to expand our business, we may consider [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders’ interests in our Company.

The interests of our Single Largest Group of Shareholders may not be aligned with the interests of other Shareholders.

Immediately following the completion of the [REDACTED] and assuming that the [REDACTED] are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], our Single Largest Group of Shareholders will hold approximately [REDACTED]% of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Single Largest Group of Shareholders may differ from the interests of our other Shareholders. It is possible that our Single Largest Group of Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Actual or perceived sale or availability for sale of substantial amounts of our Shares could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation that such sales might occur, could negatively impact the [REDACTED] of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Certain amount of the Shares controlled by our substantial shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing Shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

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

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see “Financial Information — Dividend and Dividend Policy.” There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

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

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Certain facts, forecasts and other statistics in this document are derived from various publicly available official government sources, which have not been independently verified.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the intelligent equipment and other economic data. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, any of the Joint Sponsors, [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. You should therefore not place undue reliance on such information.

You should not place reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective [REDACTED] in our H Shares are reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

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

There has been, prior to the publication of this document, and there may be, subsequent to 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. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the

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projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding our H Shares. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

WAIVERS AND EXEMPTION

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

Rules	Subject matter
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules .	Appointment of joint company secretaries
Rule 14A.105 of the Listing Rules	Continuing connected transactions

[REDACTED]

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Stock Exchange.

Our Group’s management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

WAIVERS AND EXEMPTION

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorised representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorised representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange. At present, our two authorised representatives are Mr. Wang, our executive Director, chairman of the Board and general manager, and Ms. HO Wing Nga, our joint company secretary;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorised representatives. This will ensure that the Stock Exchange and the authorised representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will endeavour to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and
- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Red Solar Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. We will ensure that the Compliance Adviser will have access at all times to our authorised representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorised representatives, our Directors, and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange.

APPOINTMENT OF JOINT COMPANY SECRETARIES

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

WAIVERS AND EXEMPTION

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

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (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).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or 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.

Our Company appointed Dr. YAO Yao (“**Dr. Yao**”), our deputy general manager and Board secretary, and Ms. HO Wing Nga (“**Ms. Ho**”), the Managing Director, Entity Solutions of Computershare Hong Kong Investor Services Limited, as joint company secretaries of our Company. For further details, see “Directors and Senior Management — Joint Company Secretaries” for their biographies.

Ms. Ho is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company’s principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Dr. Yao, who is an employee of our Company and who has day-to-day knowledge of our Company’s affairs. Dr. Yao has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

WAIVERS AND EXEMPTION

Accordingly, we have applied 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 for a three-year period from the [REDACTED], in accordance with paragraphs 11 to 17 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. Ho is appointed as a joint company secretary to assist Dr. Yao in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Ho, during the three-year period, ceases to provide assistance to Dr. Yao as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Dr. Yao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Dr. Yao has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Dr. Yao and the need for on-going assistance of Ms. Ho will be further evaluated by our Company. We will demonstrate Dr. Yao, having benefited from the assistance of Ms. Ho for the preceding three years, will have acquired the skills necessary to carry out the duties of 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.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirements under the Listing Rules. For further details in this respect, see “Connected Transactions.”

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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See “Directors and Senior Management” for further details.

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Remuneration and Appraisal Committee

Ms. WONG Sze Wing (黃斯穎)
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Ms. ZHANG Mingyan (張明燕)
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Nomination Committee

Mr. DAI Jianjun (戴建軍) (*Chairperson*)
Mr. WANG Yanqing (王燕清)
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INDUSTRY OVERVIEW

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [REDACTED]. The information from official government sources has not been independently verified by us, the Sponsors, [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.

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global and China’s intelligent equipment industry for the use in this Document, which was commissioned by us for a fee of RMB400,000. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global and China’s government policies on intelligent equipment industry will remain consistent during the forecast period, (iii) global and China’s intelligent equipment industry will be driven by the factors which are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

OVERVIEW OF INTELLIGENT EQUIPMENT MARKET

Definition and Classification of Intelligent Equipment

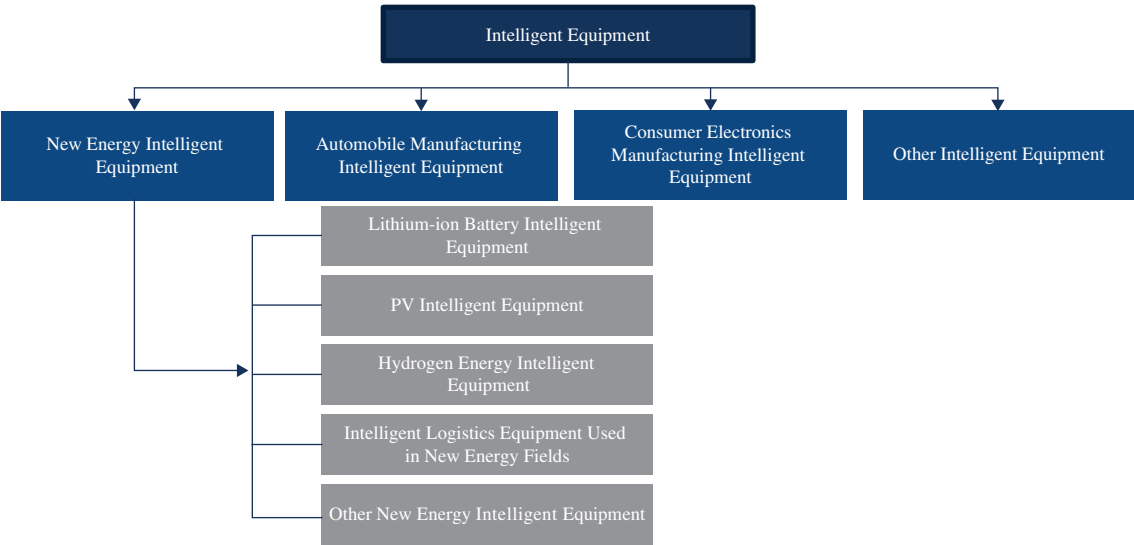
Intelligent equipment refers to automated equipment integrated with software, capable of data collection, data analysis, data feedback, execution and control functions. Compared with traditional equipment, intelligent equipment features higher levels of digitization and automation, enabling real-time optimization through embedded software, rather than relying on mechanics or manual intervention. Intelligent equipment is widely used in different industries, including new energy industry, automotive manufacturing industry, consumer electronics manufacturing industry and others. Intelligent equipment can meet the demands of these downstream industries for equipment precision, efficiency, and flexibility, including

INDUSTRY OVERVIEW

requirements for high-precision operations (e.g., nanometer-level accuracy), multi-step collaborative processes, collection and analysis of real-time data (e.g., temperature, pressure, precision parameters), and dynamic adjustment of production processes, which traditional equipment cannot fulfill.

Among different types of intelligent equipment, new energy intelligent equipment refers to the intelligent equipment used in new energy fields, including lithium-ion battery intelligent equipment, PV intelligent equipment, hydrogen energy intelligent equipment, intelligent logistics equipment used in new energy fields, and others.

Classification of Intelligent Equipment by Downstream Applications



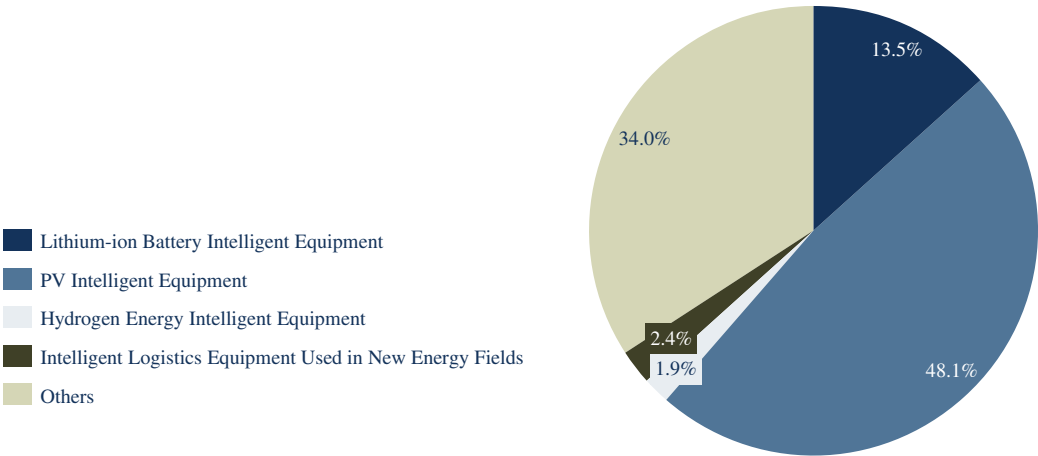
Source: Frost & Sullivan

Overview of Global New Energy Intelligent Equipment Market

The global intelligent equipment industry is highly fragmented. And different market segments differ significantly from each other in terms of business models, core technologies, functions, downstream customers, supply chain composition, etc. New energy intelligent equipment market is a major part of the intelligent equipment market. In terms of revenue, the global new energy intelligent equipment market accounted for approximately 15% of the global intelligent equipment market in 2024, and China’s new energy intelligent equipment market accounted for approximately 18% of China’s intelligent equipment market in the same year. Furthermore, in terms of revenue, lithium-ion battery intelligent equipment and PV intelligent equipment accounted for 13.5% and 48.1% of the global new energy intelligent equipment market in 2024, respectively.

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Market Size Breakdown by Downstream Applications of New Energy Intelligent Equipment Market (by revenue), Global, 2024*



Note: Other new energy intelligent equipment mainly includes wind power intelligent equipment, hydropower intelligent equipment, etc.

Source: Frost & Sullivan

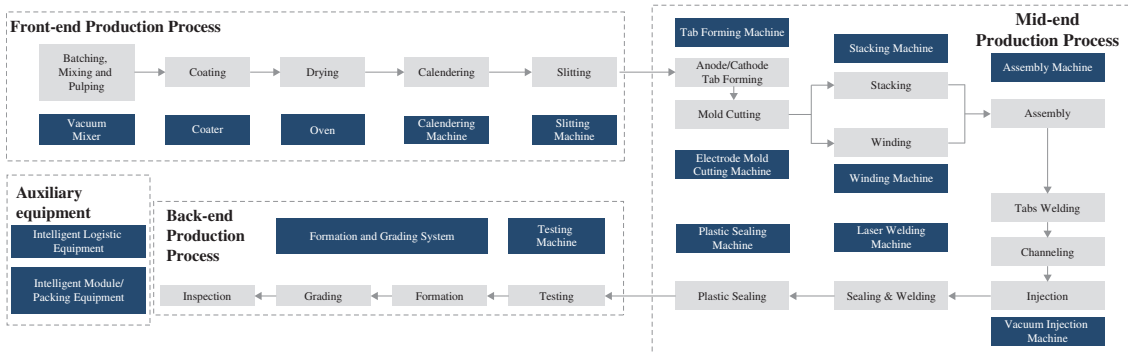
LITHIUM-ION BATTERY INTELLIGENT EQUIPMENT MARKET OVERVIEW

Definition and Classification of Lithium-ion Battery Intelligent Equipment

Lithium-ion battery intelligent equipment refers to the intelligent equipment used in the production process of lithium-ion battery. The production process of lithium-ion battery can be categorized into three stages, namely front-end production process, mid-end production process and back-end production process. The front-end production process utilizes equipment such as mixer, coater, calendaring machine, slitting machine, etc. The equipment used in mid-end production process includes tab notching machine, stacking machine, winding machine, assembly machine, etc. In back-end production process, the major equipment used includes formation and aging system, etc. In 2024, the market size of equipment for front-end, mid-end, and back-end production took up approximately 42%, 35%, and 23% of the global lithium-ion battery equipment market in terms of revenue, respectively.

INDUSTRY OVERVIEW

Production Process of Lithium-ion Battery



Source: Frost & Sullivan

Analysis of the Downstream Market - EV Market

Global EV sales volume increased from 3.2 million units in 2020 to 17.8 million units in 2024, representing a CAGR of 53.9%. Driven by the longer driving ranges, increased battery capacity, reduced costs and prices of EVs, as well as more mature and accessible charging infrastructure, and growing environmental awareness among consumers, the penetration rate of EVs within the vehicle market is expected to continue rising in the forecast period. And global sales volume of EVs is expected to reach 49.5 million units by 2029, reflecting a 22.8% CAGR from 2024 to 2029. China's EV sales volume also grew from 1.4 million units in 2020 to 12.9 million units in 2024, with a CAGR of 75.2%. And it is expected to increase to 30.1 million units in 2029, reflecting a CAGR of 18.5% from 2024 to 2029.

The industry has been influenced by government subsidy policies, including the purchase subsidy policy for new energy vehicles which were initially implemented in 2009 and fully phased out by the end of 2022 in China. Starting from 2023, the Chinese government has redirected its support for the development of the EV sector toward technological innovation and ecosystem building, such as promoting the construction of EV charging infrastructure. While the EV industry is developing rapidly, it is also facing challenges including raw material price fluctuations. Furthermore, traditional vehicle manufacturers are accelerating their transition to electrification, which further intensifies market competition. In the forecast period, the industry is expected to undergo technology shifts towards high energy density batteries and solid state batteries. Additionally, the expected decrease in the prices of EVs in the next few years is not projected to lead to a decline in the prices of lithium-ion battery intelligent equipment. This is because the reduction in EV prices will be accompanied by technological advancements, which will require more precise manufacturing processes for EV batteries. Consequently, equipment manufacturers will need to increase their research and development investments. Ultimately, this will translate into higher equipment costs, offsetting the downward pressure on prices that might otherwise result from increased demand.

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Analysis of the Downstream Market - Energy Storage Market

With the increasing global reliance on renewable energy and the introduction of policies by governments to encourage the development of the energy storage industry, the global cumulative installment of the ESS market increased from 191.1 GW to 361.5 GW, representing a CAGR of 17.3% from 2020 to 2024. And from 2020 to 2024, the cumulative installment of the ESS market in China also increased from 35.6 GW to 137.9 GW, with a CAGR of 40.3%. The energy storage industry faces several challenges. For instance, with the rapid expansion of market players, the currently limited scale of the application of energy storage has led to low utilization rates of newly-built energy storage projects. However, in the forecast period, the energy storage market is expected to further grow steadily, and energy storage technologies are expected to develop in the direction of higher energy density, longer cycle life, lower system costs and improved safety.

Analysis of the Downstream Market - Lithium-ion Battery Market

The rapid expansion of EV and energy storage industries has significantly driven the growth of the lithium-ion battery market. In the EV battery industry, higher power density and battery capacity are enabled by breakthroughs in battery technology, resulting in rapid growth of EV battery installations. The global installment volume of EV battery increased from 138.6 GWh in 2020 to 886.4 GWh in 2024, representing a CAGR of 59.0%. And it is expected that the global installment volume of EV battery will reach 3,523.4 GWh by 2029, with a CAGR of 31.8% between 2024 and 2029. The installations of EV battery in China also increased from 63.6 GWh in 2020 to 548.4 GWh in 2024, representing a CAGR of 71.3%. And it is expected that the installations of EV battery will reach 1,957.4 GWh by 2029, with a CAGR of 29.0% between 2024 and 2029.

In the energy storage battery industry, from 2020 to 2024, global energy storage battery annual installment volume increased from 13.5 GWh to 195.8 GWh, representing a CAGR of 95.3%. And it is estimated that global energy storage battery annual installment volume will increase to 891.1 GWh in 2029, representing a CAGR of 35.4% from 2024 to 2029. China's energy storage battery annual installment volume has also experienced significant growth. From 2020 to 2024, it increased from 2.4 GWh to 77.3 GWh, representing a GAGR of 137.4%. With the increasing penetration of energy storage for industrial and commercial users, it is estimated that China's energy storage battery annual installment volume will increase to 419.4 GWh in 2029, representing a GAGR of 40.2% from 2024 to 2029.

From the production perspective, mainly due to the rapid expansion in production capacities in previous years, the average capacity utilization rate of lithium-ion battery manufacturers in China fell from over 75% in 2022 to approximately 55% in 2023 and in the first half of 2024. While in the second half of 2024, the average capacity utilization rate of lithium-ion battery manufacturers in China rebounded to approximately 75%. Such a rebound was mainly driven by the growing downstream market demand and a surge in overseas orders. For instance, China's EV sales volume grew from 9.5 million units in 2023 to 12.9 million units in 2024, and the cumulative installment of the ESS market in China also increased rapidly from 86.5 GW to 137.9 GW. Furthermore, total overseas order for Chinese manufacturers for energy storage lithium batteries in 2024 exceeded 120 GWh, more than doubling from 2023 levels.

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Looking forward, the average capacity utilization rate is expected to further increase to around 78% in 2025, generally in line with the utilization rate under market conditions where the supply and demand is relatively balanced. The expected increase will be driven by policy supports, including the “Action Plan for High-Quality Development of the New Energy Storage Manufacturing Industry” issued in February 2025 which aims to accelerate mature technology upgrades and support the further innovation of high-end products, as well as the trade-in subsidy policy issued in January 2025 which boosts subsidies for new energy vehicle trade-ins to RMB20,000. Such policies are expected to increase the demand for energy storage batteries and EV batteries, as well as the intelligent equipment in these fields.

Manufacturers in the industry typically make capacity expansion decisions based on their backlogs, new orders received and forward-looking assessment of future market conditions, as well as the current utilization rate in order to have new capacity ready to serve the growing demand. Therefore, due to the global installment volume of EV battery and energy storage battery which are expected to grow at a CAGR of 31.8% and 35.4% respectively from 2024 to 2029, as well as the rebound of capacity utilization rate of lithium-ion battery manufacturers since the second half of 2024, the demand for lithium-ion battery intelligent equipment has been increasing. Furthermore, besides the growing demand driven by capacity expansion, the demand for lithium-ion battery intelligent equipment driven by the renovation and upgrading of existing equipment has also been increasing, as equipment previously purchased by downstream customers enters the iteration cycle in the following years gradually.

Market Size Analysis of Global Lithium-ion Battery Intelligent Equipment Market

In terms of revenue, lithium-ion battery intelligent equipment accounted for 13.5% of the global new energy intelligent equipment market in 2024. Triggered by fast expansion of downstream applications for lithium-ion battery such as EV, energy storage system, consumer electronics, etc., the market size of global lithium-ion battery intelligent equipment market grew rapidly. From 2020 to 2023, the market size of global lithium-ion battery intelligent equipment market in terms of revenue increased from RMB27.0 billion to RMB69.0 billion. However, in 2023 and 2024, due to the change in terminal market demand, as well as the slowdown in the construction of new projects of downstream EV battery and energy storage battery enterprises, the total order value of the global lithium-ion battery intelligent equipment industry shrank, leading to a decreasing market size in terms of revenue in 2024.

Since the second half of 2024, as CATL, BYD, and other leading lithium-ion battery factories announced the resumption of expansion plans, downstream demand gradually recovered, which led to the rebound of the global lithium-ion battery intelligent equipment market. And in the forecast period, due to the growing public acceptance of EVs, increasing replacement demand of lithium-ion battery intelligent equipment and rapid development of emerging technologies such as composite current collectors, 4,680 battery cells and solid-state battery technology, the market size of global lithium-ion battery intelligent equipment is expected to grow to RMB137.2 billion in 2029, with a CAGR of 22.5% for the next 5 years.

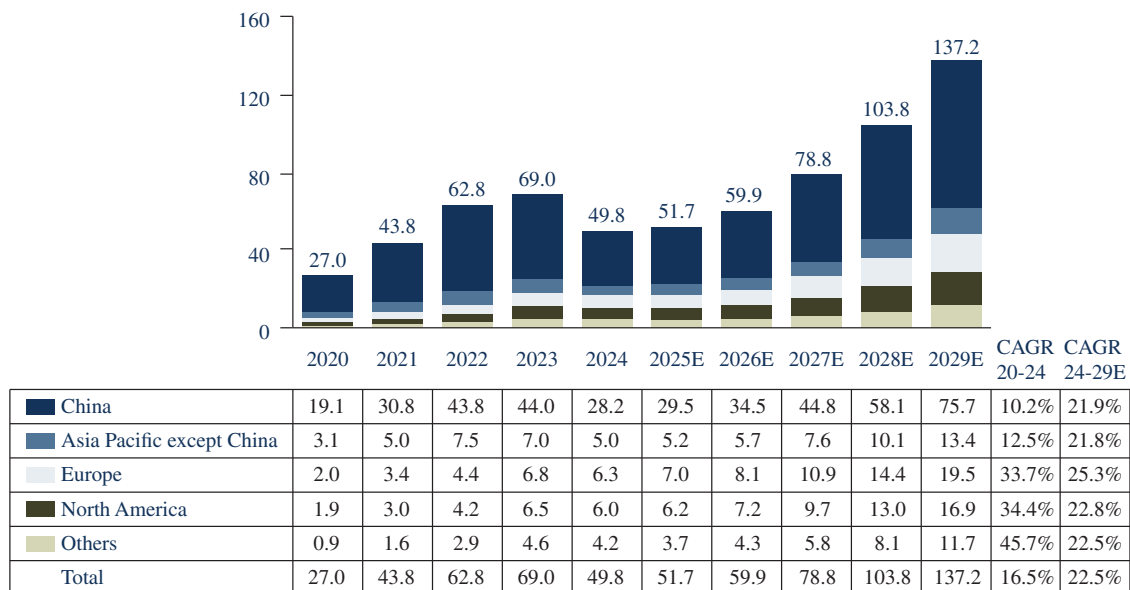
INDUSTRY OVERVIEW

In particular, the market size for lithium-ion battery intelligent equipment driven by the renovation and upgrading of existing equipment reached RMB18.3 billion in 2024. As the equipment previously purchased by downstream customers enters the iteration cycle in the following years gradually, the market size is expected to continue to grow, reaching RMB51.2 billion by 2029, with a CAGR of 22.9%.

Similar to the global market, China’s lithium-ion battery intelligent equipment market in terms of revenue increased from RMB19.1 billion to RMB44.0 billion from 2020 to 2023. From 2023 to the first half of 2024, the slowing downstream market demand and the deceleration in new project construction by downstream EV battery and energy storage battery enterprises suppressed the short-term demand for lithium-ion intelligent equipment, leading to a decreasing market size in 2024. While in the second half of 2024, driven by growing downstream market demand and a surge in overseas orders, the average capacity utilization rate of lithium-ion battery manufacturers in China improved significantly, from approximately 55% in the first half of the year to approximately 75%. In the forecast period, due to the recovery of downstream demand, the resumption of expansion plans of leading lithium-ion battery factories, accelerated production line iteration, rapid development of solid-state batteries, and digitalization and intelligent upgrading of lithium-ion battery intelligent equipment, China’s lithium-ion battery intelligent equipment market is expected to further expand to RMB75.7 billion in 2029, representing a CAGR of 21.9% between 2024 and 2029. And the market size of lithium-ion battery intelligent equipment in regions except China is expected to grow from RMB21.6 billion in 2024 to RMB61.5 billion in 2029, with a CAGR of 23.3%.

Market Size Breakdown by Regions of Lithium-ion Battery Intelligent Equipment Market (by revenue), Global, 2020-2029E

Billion RMB



Note: Revenue of lithium-ion battery intelligent equipment in different countries/regions is based on those installed and used in the countries/regions.

Source: Frost & Sullivan

INDUSTRY OVERVIEW

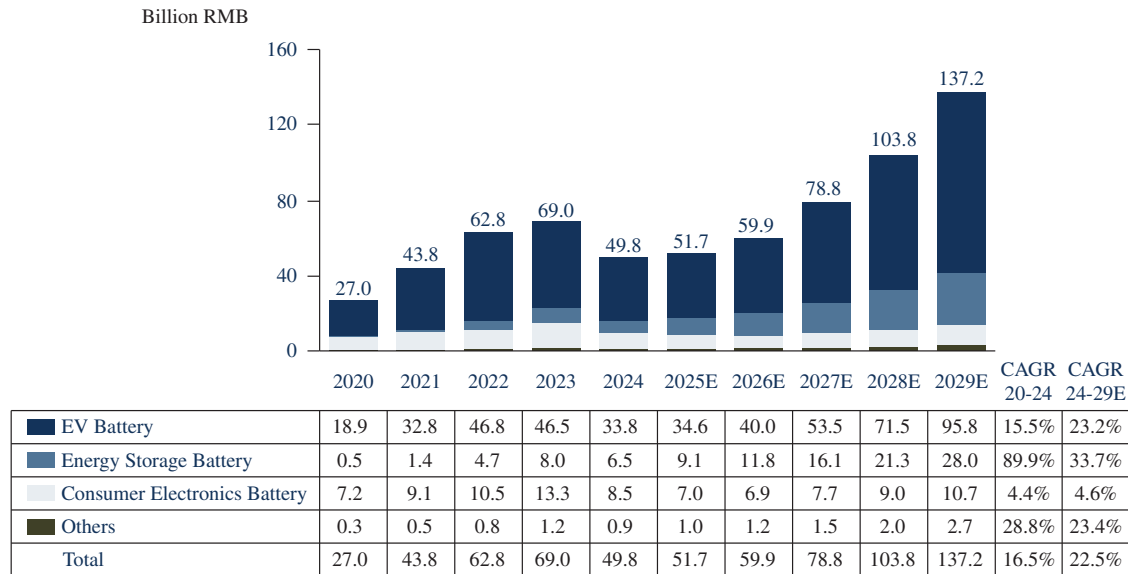
From the perspective of downstream applications, as the fast development of EVs industry which elevates the downstream demand for EV batteries, the lithium-ion battery intelligent equipment market in the EV segment also ushered their prosperity from 2020 to 2022. From 2023, due to the slowdown in the growth of the EV market and the weakening of policy support represented by the phase-out of the purchase subsidy policy for new energy vehicles at the end of 2022 in China. From 2023, due to the slowdown in the growth of the EV market and the weakening of policy support represented by the phase-out of the purchase subsidy policy for new energy vehicles at the end of 2022 in China, the growth of demand for EV batteries has also slowed down, which has caused a certain impact on the market of lithium-ion battery equipment for EV batteries. In the forecast period, with the reduction of the cost of EVs and the rapid development of new battery technologies such as solid-state batteries, the market size of global lithium-ion battery intelligent equipment for EV batteries is expected to grow to RMB95.8 billion in 2029, representing a CAGR of 23.2% from 2024 to 2029.

As for the segment of energy storage battery, as the energy storage industry emerges later than EV industry and is still in early stage, the market size of energy storage battery equipment is much smaller relative to EV battery segment. Similar to trend of EV batteries, the slowdown in new construction projects of energy storage battery companies has led to a decline in demand for lithium-ion battery intelligent equipment in 2024. Nevertheless, due to the favorable policies issued by government and the continuous cost reduction of energy storage battery, etc., the market of global lithium-ion battery intelligent equipment for energy storage battery has huge potential in the future and is expected to maintain a CAGR of 33.7% from RMB6.5 billion in 2024 to RMB28.0 billion in 2029.

As for the consumer electronics segment, as there are increasing types of products to fulfill the entertainment needs of consumers and the battery capacity also keeps increasing, the market of lithium-ion battery intelligent equipment for consumer electronic develops at a high speed. It is expected that the market size of global lithium-ion battery intelligent equipment for consumer electronics batteries will increase from RMB8.5 billion in 2024 to RMB10.7 billion in 2029, at a CAGR of 4.6%.

INDUSTRY OVERVIEW

Market Size Breakdown by Downstream Applications of Lithium-ion Battery Intelligent Equipment Market (by revenue), Global, 2020-2029E



Source: Frost & Sullivan

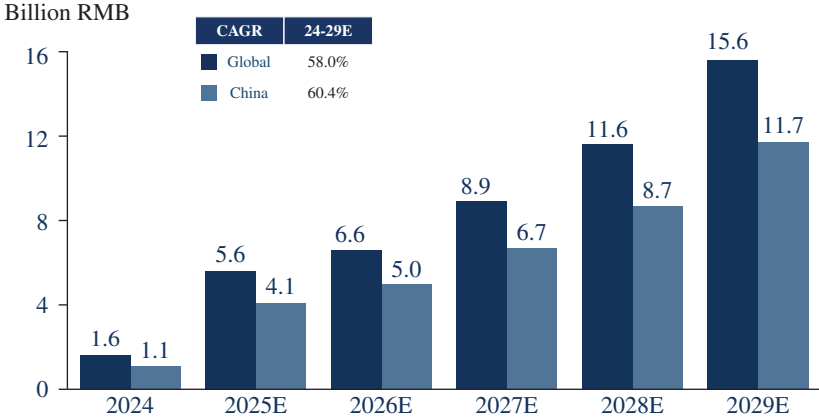
Market Size Analysis of Global and China's Solid-state Battery Intelligent Equipment Market

Compared with traditional liquid lithium-ion batteries, solid-state batteries have key advantages including high safety and high energy density. The industrialization of solid-state batteries is still in the initial stage, currently dominated by semi-solid-state batteries. In 2024, the global solid-state battery intelligent equipment market size was RMB1.6 billion. From 2025, solid-state battery technology is expected to enter a rapid breakthrough stage, and with the wide application of solid-state batteries in a variety of downstream applications, the market size of solid-state battery intelligent equipment is expected to grow to RMB15.6 billion in 2029, with a CAGR of 58.0% from 2024 to 2029.

China's solid-state battery development is in the accelerated stage of research and development. There are multiple battery manufacturers involved in the production of solid-state battery, and a number of automotive manufacturers have released new vehicles with solid-state batteries. It is expected that by 2025, semi-solid-state batteries will gradually realize commercialization, and gradually form a certain scale in the overall market of EV batteries. Meanwhile, with the acceleration of the technological iteration of solid-state batteries and the relevant supportive policies, all-solid-state batteries are expected to achieve large-scale application around 2029 and become an important driving force for the transformation of the global energy structure. The market size of China's solid-state battery intelligent equipment is expected to reach RMB11.7 billion in 2029 from RMB1.1 billion in 2024, with a CAGR of 60.4%.

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Market Size of Solid-state Battery* Intelligent Equipment Market (by revenue), Global and China, 2024-2029E



Note: Solid-state batteries include semi-solid-state batteries and all-solid-state batteries. Revenue of solid-state battery intelligent equipment in China is based on those installed and used in China.

Source: Frost & Sullivan

Market Drivers of Global and China’s Lithium-ion Battery Intelligent Equipment Market

- **Rapid Development of Downstream Market.** The rapid development of downstream industries such as EV battery industry, energy storage battery industry, 3C electronics battery industry, etc. has triggered the vast demand for lithium-ion battery intelligent equipment. Firstly, strict carbon emission standards in various countries have promoted the rapid growth of the EV market, which has driven the surge in demand for EV lithium-ion batteries and lithium-ion intelligent equipment. Secondly, the rapid development of renewable energy has driven the demand for the energy storage market, thereby promoting the growth of lithium-ion battery intelligent equipment. Thirdly, the demand for lithium-ion batteries in consumer electronics products has continued to grow steadily, which has promoted the technological progress and market expansion of lithium-ion intelligent equipment.
- **Downstream Requirements on Greener, More Efficient, and More Cost-Effective Manufacturing.** The lithium-ion battery industry’s focus on green, efficient, and cost-effective production drives demand for advanced manufacturing equipment. Stricter environmental regulations necessitate energy-saving solutions, while growing battery demand requires high-precision, automated systems to boost capacity and efficiency. Simultaneously, cost reduction pressures emphasize the need for durable, low-maintenance equipment. These evolving downstream requirements are accelerating innovation in lithium-ion battery manufacturing technologies.

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- ***Iteration of Battery Technology.*** In recent years, with the advancement of technology in the EV lithium-ion battery industry, battery energy density, operating temperature range, charging efficiency, and safety performance have continued to be improved. The industry is adopting high-performance materials including high-nickel NCM/NCA cathodes, silicon-carbon anodes, advanced electrolytes, and high-strength composite separators. These continuous innovations in battery technology are creating higher technical requirements for lithium-ion battery manufacturing equipment, thereby driving the development of the intelligent equipment.
- ***Favorable Policy Environment.*** Governments of multiple countries have issued favorable policies to guide and promote the development of the lithium-ion battery intelligent equipment industry. In January 2025, multiple departments of the Chinese Government issued the Action Plan for the High-quality Development of New Energy Storage Manufacturing Industry, which aims to guide the high-end, intelligent and green development of new energy storage manufacturing industry, thus promoting the development of lithium-ion battery intelligent equipment. Meanwhile, other countries also released policies that strictly regulated the entire life cycle of battery production, reuse, and recycling, forcing lithium-ion intelligent equipment providers to develop more efficient and energy-saving equipment. These favorable regulatory frameworks worldwide are fueling the expansion of the lithium-ion battery intelligent equipment.

Development Trends of Global and China’s Lithium-ion Battery Intelligent Equipment Market

- ***Technology Advancement.*** By integrating automation technology, information technology, computational simulation and artificial intelligence, the efficiency and flexibility of lithium-ion battery production are greatly improved. For instance, the application of machine vision technology in the lithium-ion battery production line has significantly improved production efficiency and product quality, and reduced the error and cost of manual detection. Meanwhile, artificial intelligence technology is also widely used in the production of lithium-ion battery production control and failure prediction, which not only improves the production stability, but also extends the service life of the equipment and reduces the production cost.
- ***Development of Intelligent Manufacturing Integrated Solution.*** With the rapid growth of downstream lithium-ion battery demand, the lithium-ion battery intelligent equipment industry is moving in the direction of high precision, high efficiency, automation and intelligence to meet the requirements of large capacity, high performance, high stability and consistency of lithium-ion batteries. Therefore, lithium-ion battery intelligent equipment enterprises are transforming from simple hardware suppliers to intelligent manufacturing integrated solution providers that provide hardware and software integration. The application of intelligent technology improves production efficiency and product quality, enhances the flexibility of equipment and production consistency, and reduces labor costs.

INDUSTRY OVERVIEW

- **Globalization of China’s Lithium-ion Battery Intelligent Equipment Providers.** Leading Chinese lithium-ion battery manufacturers keep exploring overseas markets and form in-depth cooperation with leading global vehicle companies. In addition, as some battery companies start to build their production line overseas where requires local lithium-ion battery intelligent equipment suppliers, Chinese lithium-ion battery intelligent equipment providers tend to also build their production lines overseas to meet such demands. Therefore, the globalization of domestic lithium-ion battery intelligent equipment providers is expected to be a future development trend of the industry.

PV INTELLIGENT EQUIPMENT MARKET OVERVIEW

Definition and Classification of PV Intelligent Equipment

PV intelligent equipment refers to the intelligent equipment used in the whole production process of silicon, wafer, PV cell, and PV module in PV industry. For the production of silicon, the core equipment is reduction furnace, fluidized bed, heat exchanger, etc. For the production of wafer, major equipment used includes monocrystalline furnace, ingot furnace, diamond wire saws, etc. Texturing machine, polishing machine, diffusion furnace, PECVD furnace, inspection & sorting machine, etc. are equipment mainly used in PV cells production. Equipment involved in PV modules production are stringer machine, layup machine, laminator, framing machine, inspection machine, etc.

Analysis of the Downstream PV Market

The global PV cell shipment volume has experienced rapid growth, driven by increasing demand for electricity from data center and AI sectors, as well as technological advancements. Global PV cell shipment volume grew from 148.7 GW in 2020 to 605.4 GW in 2024, and is expected to reach 1,079.1 GW in 2029, with a CAGR of 12.3% from 2024 to 2029. In China, driven by the increasing demand for new energy, the improvement in the cost-performance ratio of PV power generation, and technological advancements, the PV cell shipment volume has surged in recent years, growing from 121.9 GW in 2020 to 563.2 GW in 2024, and is expected to reach 965.4 GW in 2029, with a CAGR of 11.4% from 2024 to 2029.

From the production perspective, since 2022, the global PV industry has attracted substantial investment due to its high profitability, and the technological transition from P-type cells to N-type cells has driven significant demand for new production capacity, together resulting in production capacity scale-up in the global PV industry starting from the fourth quarter of 2023. Therefore, the capacity utilization rate in the global PV cell industry decreased rapidly from 75.7% in 2023 to 61.4% in 2024, leading to the decreasing demand for PV intelligent equipment in 2024 in terms of order. Looking forward, it is expected that due to the phase-out of outdated production capacity, the overall utilization rate of the global PV industry in 2025 is expected to gradually return to above 70%, which is in line with the utilization rate under market conditions where the supply and demand is relatively balanced. The expected increase will also be driven by policy supports. For instance, in March 2025, the National People’s Congress meeting’s Government Work Report mentioned for the first time content

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such as “comprehensive management of ‘involution’ competition, accelerating the construction of the ‘Desert, Gobi and Wasteland’ new energy base, and coordinating the construction of local consumption and external transmission channels”, which is expected to be beneficial for the healthy development of the PV industry on the demand side.

The expected growing demand for PV intelligent equipment in the global and China markets starting from 2025 in terms of order will be largely driven by technological advancements in the PV industry. The industry is currently undergoing a technological transition from P-type cells to N-type cells. Compared to P-type cells, N-type cells offer several advantages, including higher power conversion efficiency, better temperature tolerance, and a longer lifespan. N-type cells have entered large-scale production in the third quarter of 2022. With the transition accelerating in late 2023, they surpassed the market share of P-type cells in 2024, as P-type cells approached their efficiency limit. Therefore, besides the phase-out of P-type cell capacity, the industry is also undergoing large-scale construction of N-type cell production lines, which drives the demand for PV intelligent equipment.

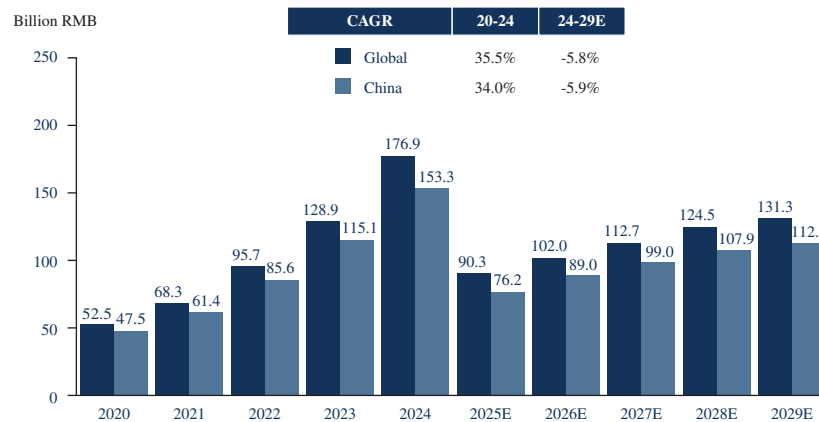
Market Size Analysis of Global and China’s PV Intelligent Equipment Market

In terms of revenue, PV intelligent equipment accounted for 48.1% of the global new energy intelligent equipment market in 2024. The need to reduce carbon emissions and achieve “carbon peak and carbon neutrality” drives the shift to clean energy in power generation. PV power generation, which converts solar energy into electricity without fuel consumption or pollutants, plays a key role in this transition. The global market size of PV intelligent equipment market increased from RMB52.5 billion in 2020 to RMB176.9 billion in 2024 with a CAGR of 35.5%. Due to the slowdown in capacity expansion across various segments of the PV industry chain, including PV module, PV cell, wafers, and silicon, the market size of the entire PV intelligent equipment sector is expected to decrease to RMB90.3 billion in 2025. In the forecast period, technological advancements and growing market demand are expected to collectively propel the development of the PV industry, promoting the development of upstream PV intelligent equipment industry. The global market size is expected to bounce back to RMB131.3 billion in 2029.

Driven by the rapid development of PV industry and fast iteration of technology paths, the market size of PV intelligent equipment market in China increased from RMB47.5 billion in 2020 to RMB153.3 billion in 2024 with a CAGR of 34.0%. Similar to the global market, the slowdown in capacity expansion within China’s PV industry is expected to lead to a decrease in market size to RMB76.2 billion in 2025. In the forecast period, due to the vigorous support from government and rapid technology advancement, the market size in China is expected to bounce back to RMB112.9 billion in 2029.

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Market Size of Photovoltaic Intelligent Equipment Market (by revenue), Global and China, 2020-2029E



Note: Revenue of PV intelligent equipment in China is based on those installed and used in China.

Source: Frost & Sullivan

Market Drivers of Global and China’s PV Intelligent Equipment Market

- Growth in PV Power Cumulative Installment Volume.** From 2020 to 2024, global PV power cumulative installment volume increased from 713.9 GWh to 1,928.6 GWh, with a CAGR of 28.2%. In the forecast period, triggered by the “Carbon Neutrality”, global PV power cumulative installment volume is expected to further grow to 5,364.7 GWh in 2029, representing a CAGR of 22.7% from 2024 to 2029. With the continuous expansion of PV power cumulative installment volume, the manufacturing equipment used to produce PV products such as silicon, wafer, PV cells, PV modules are exposed to a high demand, which is expected to become a strong driver of PV intelligent equipment market and lead the market to grow rapidly.
- Iteration of PV Technology.** Technology advancement triggers fast iteration of PV intelligent equipment. For instance, large-size silicon wafers come up with higher requirements for PV intelligent equipment. Also, various emerging advanced technology paths of PV cells such as TOPCon, HJT and xBC, which can provide higher cell conversion efficiency, better stability, lower attenuation rate, etc., require production expansion and phasing-out of obsolete production line, which enlarge the demand for PV intelligent equipment and motivate the further growth of PV intelligent equipment market.
- Favorable Policy Environment.** Government policies, including China’s Guidelines for the Construction of PV Industry Standard System issued in August 2024 and China’s Guidance on Promoting Recycling of Decommissioned Wind Power and PV issued in July 2023 have become key drivers for the global PV intelligent equipment market. Meanwhile, policies in other countries also support the growth of this market by

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encouraging clean energy adoption, technological innovation, and sustainable practices. These favorable regulatory frameworks worldwide are fueling the expansion of the PV sector and driving demand for advanced PV equipment.

Development Trends of Global and China’s PV Intelligent Equipment Market

- ***Higher Level of Automation.*** Integrating advanced automation into PV manufacturing can greatly improve capacity utilization. Automation enhances precision, reduces errors, minimizes downtime, and boosts efficiency. By automating tasks including assembly, testing, and quality control, production lines can run faster while ensuring consistency and reducing waste. This leads to better resource management, lower costs, and real-time performance monitoring for quick adjustments, allowing manufacturers to optimize production and respond to changing needs.
- ***Higher Level of Intelligence.*** As the industry moves towards advanced, automated, and data-driven production, the demand for smart equipment that integrates with intelligent systems grows. PV intelligent equipment now includes real-time data analysis, predictive maintenance, and AI optimization, improving efficiency, reducing downtime, and enhancing product quality. This shift makes production more flexible, adaptive to market changes, and crucial for staying competitive as manufacturers aim to scale and reduce costs.
- ***Increasingly Efficiency and Cost Reduction.*** As demand for higher efficiency and lower costs grows, PV manufacturers are investing in advanced automation and precision equipment to optimize N-type cell production. This creates fierce competition among equipment providers, with those offering efficient, adaptable, and cost-effective solutions gaining a competitive edge. The need for cost reduction and performance improvement drives the growth of the PV equipment market as manufacturers strive to stay ahead with innovative technologies.

AUTOMATED VISUAL INSPECTION INTELLIGENT EQUIPMENT MARKET ANALYSIS

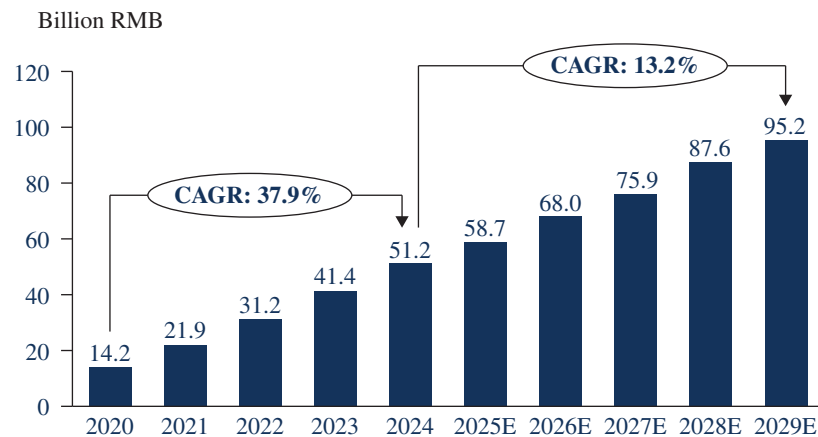
Market Size of China’s Automated Visual Inspection Intelligent Equipment Market

Automated visual inspection intelligent equipment refers to the intelligent equipment that can realize unmanned operation in 3C products manufacturing process. Such equipment is mainly used in the detection and assembly process of 3C product components.

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Automated visual inspection intelligent equipment can continuously and stably complete high repeatability, high precision measurement work during the manufacturing process of 3C equipment, with less cost and higher efficiency than human labor in the long-run. Thus, it is gradually replacing human labor in the 3C equipment manufacturing process. The market size of automated visual inspection intelligent equipment has raised from RMB14.2 billion to RMB51.2 billion from 2020 to 2024, with a CAGR of 37.9%. With the integration of AI deep learning and other technology, the use of automated visual inspection intelligent equipment will be further expanding in the future. The market size of automated visual inspection intelligent equipment is expected to rise to RMB95.2 billion from 2024 to 2029, with a CAGR of 13.2%.

**Market Size of Automated Visual Inspection Intelligent Equipment
(by revenue), China, 2020-2029E**



Source: Frost & Sullivan

Market Drivers of China’s Automated Visual Inspection Intelligent Equipment Market

- Increasing Demand for Industrial Automation.** Automated visual inspection intelligent equipment stems from the growing technical demand of industrial automated production. With the development of smaller and lighter 3C equipment, their components also become more ingenious, and human eyes cannot continuously and stably complete high repeatability, high precision measurement work of these tiny size components. Equipment with machine vision began to be introduced to the production line and replace human in the detection and assembly process under such background.
- Technology Advancement.** The large-scale application of automated visual inspection intelligent equipment in 3C production is inseparable from the progress of machine vision, AI technology, big data, etc. Since its emergence, automated visual inspection intelligent equipment has evolved from the original 2D vision technology to today’s 3D vision technology and its algorithm module has also developed deep learning ability,

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developing from an independent device to an integrated system. The advent of new functions makes the application of automated visual inspection intelligent equipment in 3C equipment production line expand, and the penetration rate in the production line continues to increase.

- ***Cost Control Demand.*** China’s labor cost has been increasing in recent years. Intelligent devices can work continuously and have strong adaptability to the environment, which is more economical and efficient for companies. In this case, using machines instead of human becomes the long-term development strategy.

Development Trend of China’s Automated Visual Inspection Intelligent Equipment Market

- ***Broadening Applications.*** Benefiting from the continuous improvement of technology in software and hardware fields such as light source system, image processing system and camera, automated visual inspection intelligent equipment can provide more and faster image data transmission, as well as more advanced software algorithms, to achieve digital, real-time and intelligent performance improvement. The improvement of cost performance increases market penetration of automated visual inspection intelligent equipment.
- ***Integration of AI Deep Learning.*** While traditional rule-based systems excel in high-speed component checks, defect detection remains limited due to ambiguous criteria. AI deep learning enables autonomous analysis, decision-making, and rule updates via accumulated data. Automated visual inspection intelligent equipment integrated with artificial intelligence deep learning technology can quickly carry out image classification, size detection and defect detection, and the application of artificial intelligence technology has become one of the mainstream development trends in this industry.
- ***Transition from 2D Vision to 3D Vision.*** 3D vision overcomes 2D limitations (e.g., lack of spatial data, environmental sensitivity) by capturing height, volume, and color metrics with superior stability. As smart manufacturing demands precision, 3D technology’s enriched data collection and accuracy solidify its role as a market trendsetter.

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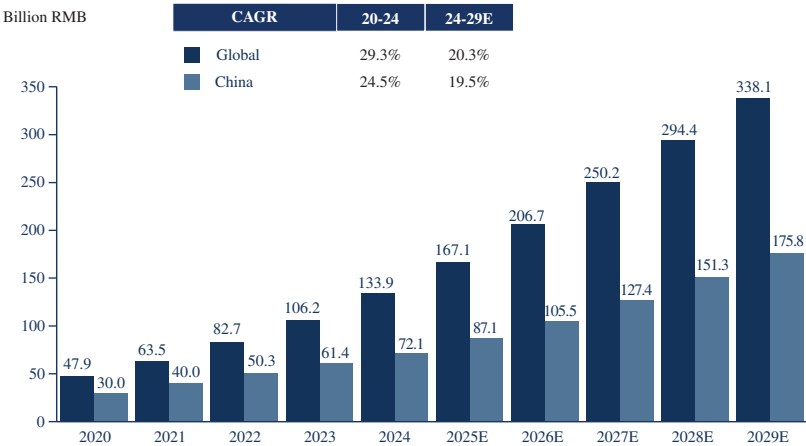
INTELLIGENT LOGISTICS EQUIPMENT MARKET ANALYSIS

Market Size of Global and China’s Intelligent Logistics Equipment Market

Intelligent logistics equipment refer to the automation equipment and systems used in material transportation and storage. Driven by advancements in automation, AI, and IoT technologies, the adoption of intelligent logistics solutions has increased. The global market of intelligent logistics equipment grew from RMB47.9 billion in 2020 to RMB133.9 billion in 2024, with a CAGR of 29.3%. As global trade and logistics networks expand, the need for automated, cost-effective, and scalable solutions continues to fuel market growth. The global market is expected to reach RMB338.1 billion in 2029.

Driven by the increasing demand for automation in supply chains, advancements in IoT and AI technologies, the market size of intelligent logistics equipment in China grew from RMB30.0 billion in 2020 to RMB72.1 billion in 2024, with a CAGR of 24.5%. During the forecasting period, continued expansion of downstream demand and government initiatives promoting smart infrastructure continues to fuel market growth. The market size of intelligent logistics equipment in China is expected to reach RMB175.8 billion in 2029.

Market Size of Intelligent Logistics Equipment Market (by revenue), Global and China, 2020-2029E



Note: Revenue of intelligent logistics equipment in China is based on those installed and used in China.

Source: Frost & Sullivan

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Market Drivers of Global and China’s Intelligent Logistics Equipment Market

- ***Growing Demand from Downstream Industries.*** The growing demand in downstream industries such as new energy has significantly driven the development of the intelligent logistics equipment industry. The global new energy intelligent logistics equipment market grew from RMB3.5 billion in 2020 to RMB9.0 billion in 2024, with a CAGR of 26.7%. The market is expected to reach RMB30.1 billion in 2029. And within the market, the global lithium-ion battery intelligent logistics equipment market grew from RMB2.1 billion in 2020 to RMB5.6 billion in 2024, with a CAGR of 28.0%. The market is expected to reach RMB19.2 billion in 2029. This rapid growth has led to specific storage challenges, such as the unstable chemistry of lithium phosphate batteries requiring separation during storage. To address these challenges while also meeting the diverse needs of other industries, stereoscopic warehouses equipped with advanced technologies like AGVs, shuttles, and miniload systems have become increasingly popular. These solutions optimize storage space, improve operational efficiency, and cater to the unique requirements of different industries.
- ***Technology Development of Robots.*** Robotics-driven intelligent logistics equipment is a key driver of the global and China’s intelligent logistics industry, enhancing automation, efficiency, and supply chain resilience. Autonomous mobile robots (AMRs), robotic sorting systems, and AI-powered automation optimize warehouse operations, reduce labor costs, and improve accuracy. With advancements in AI, IoT, and machine learning, these systems enable real-time data processing and predictive analytics, streamlining logistics management. With the increasing demand for timeliness from downstream customers, more efficient logistics solutions, robotics-driven systems are set to accelerate the transformation of global supply chains, fostering greater productivity and sustainability.
- ***Cost Management Requirement from Downstream Industries.*** The cost of industrial land in China has been steadily increasing in recent years, along with the rising average labor cost in the manufacturing sector. These escalating land and labor expenses drive up warehouse and logistics costs. By utilizing vertical space effectively, stereoscopic warehouses and sorting machines can enhance warehouse efficiency, reduce reliance on sorting personnel, and lower overall labor costs.

Development Trend of Global and China’s Intelligent Logistics Equipment Market

- ***Increasing Digitalization.*** Technologies such as robotics, artificial intelligence, big data, and cloud platform technologies are continuously advancing. These innovations have achieved significant breakthroughs and are gradually being applied to logistics processes such as warehousing, transportation, and sorting. They offer robust technical support for advancing the automation, digitalization, and intelligence of warehousing and logistics.

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- **Increasing Intelligence.** Currently, intelligent logistics equipment remains in the automation phase. Looking ahead, AI technology is expected to enhance these systems, enabling logistics equipment and systems to achieve self-learning, self-optimization, and self-reasoning, ultimately raising their intelligence levels.
- **Increasing Flexibility.** The flexibility of intelligent logistics equipment is reflected in its high adaptability and plasticity, as well as its capability to quickly adjust to minor changes in manufacturing lines. For instance, AGV equipment, commonly used in the photovoltaic industry, can accommodate various photovoltaic cell products of different sizes and be redeployed to other stereoscopic warehouses.

HYDROGEN ENERGY INTELLIGENT EQUIPMENT MARKET ANALYSIS

Hydrogen energy intelligent equipment includes the intelligent equipment used in the production, storage, transportation, refueling, and utilization of hydrogen energy. The global hydrogen energy intelligent equipment market is expected to grow from RMB7.0 billion in 2024 to RMB19.8 billion in 2029, with a CAGR of 23.0%. China’s hydrogen fuel cell vehicle industry is in its early start-up phase, but the growing demand for hydrogen fuel cell stacks has already driven the market size of hydrogen energy intelligent equipment to increase at a quick speed, from RMB0.4 billion in 2020 to RMB1.0 billion in 2024, with a CAGR of 24.7%. And it is expected that in 2029, the market size will reach RMB3.4 billion, with a CAGR of 27.7% from 2024 to 2029.

AUTOMOTIVE INTELLIGENT MANUFACTURING EQUIPMENT MARKET ANALYSIS

Automotive intelligent manufacturing equipment includes every intelligent equipment used during the process of automotive making. By the main process of automotive manufacturing, automotive manufacturing equipment can be classified into four categories: equipment that are used in automotive stamping, automotive welding, automotive painting and final assembly. The global automotive intelligent manufacturing equipment market has been promoted by the increasing demand from downstream automotive industries as well as the improvement in manufacturing techniques in the industry. In terms of revenue, the market size of the global automotive intelligent manufacturing equipment market reached approximately RMB270 billion in 2024.

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CONSUMER ELECTRONICS INTELLIGENT MANUFACTURING EQUIPMENT MARKET ANALYSIS

Consumer electronics intelligent manufacturing equipment includes all intelligent equipment used during the manufacturing process of different types of consumer electronics products. Different stages of consumer electronics manufacturing, including raw material preparation, component fabrication, product integration, testing and packaging, require different types of intelligent equipment. And the global consumer electronics intelligent manufacturing equipment market has been driven by the increasing demand from downstream consumer electronics industries, the continuous improvement of the industrial chain, and the increasing application of emerging technologies including AI and IoT. In terms of revenue, the market size of the global consumer electronics intelligent manufacturing equipment market reached approximately RMB400 billion in 2024.

COMPETITIVE ANALYSIS OF GLOBAL INTELLIGENT EQUIPMENT MARKET

Overview of Competitive Landscape of Global Intelligent Equipment Market

Players in global intelligent equipment market can be classified into those who provide products and services across multiple segments, and those who focus on one or two segments. For instance, the scope of business of the Group covers lithium-ion battery intelligent equipment, PV intelligent equipment, hydrogen energy intelligent equipment, and lithium-ion battery intelligent logistics equipment. While Company A focuses on the PV intelligent equipment market, and Company E focuses on the lithium-ion battery intelligent equipment market.

In terms of revenue, the market share of the Group in the global intelligent equipment market in 2024 was smaller than 1%.

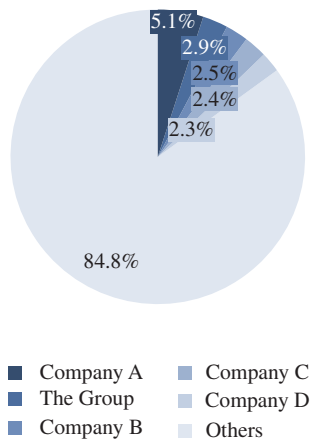
Ranking and Market Share Analysis of Global New Energy Intelligent Equipment Market

In terms of revenue, the Group was the second largest new energy intelligent equipment provider in the global market in 2024, with a market share of 2.9%. In 2024, the aggregated market share of the top five players in global new energy intelligent equipment market reached 15.2%, in terms of revenue.

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The following table sets forth the top five manufacturers in new energy intelligent equipment market worldwide by sales revenue in 2024.

**Top 5 Manufacturers in New Energy Intelligent Equipment Market
(by revenue), Global, 2024***



Rank	Company Name	Country	Market Share in Global New Energy Intelligent Equipment Market
1	Company A	China	5.1%
2	The Group	China	2.9%
3	Company B	China	2.5%
4	Company C	China	2.4%
5	Company D	China	2.3%

Source: Frost & Sullivan, company reports

Note: Company A is headquartered in China and listed on the Shenzhen Stock Exchange, was established in 2007 and primarily offers solar cell equipment, and others.

Company B is headquartered in China and listed on the Shenzhen Stock Exchange, was established in 2006 and primarily offers single crystal furnace, crystal processing equipment, and others.

Company C is headquartered in China and listed on the Shenzhen Stock Exchange, was established in 2010 and primarily offers solar cell screen printing equipment, and others.

Company D is headquartered in China and listed on the Shenzhen Stock Exchange, was established in 2001 and primarily offers PV intelligent equipment, semiconductor equipment, and others.

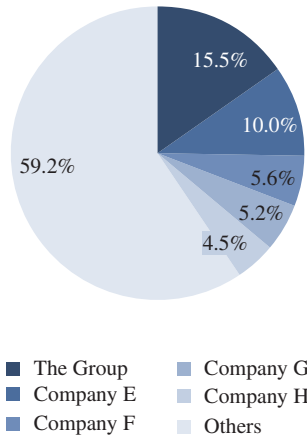
The acceptance period for domestic customers in China’s new energy intelligent equipment market typically ranges from 0.5 to 1.5 years, while the acceptance period for overseas customers typically ranges from 1.5 to 2.5 years. The longer acceptance period for overseas customers in the industry is mainly due to the more time-consuming transportation and logistics, as well as the different acceptance standards.

Ranking and Market Share Analysis of Global Lithium-ion Battery Intelligent Equipment Market

In terms of revenue, the Group was the largest lithium-ion battery intelligent equipment provider in the global market in 2024, with a market share of 15.5%. In 2024, the aggregated market share of the top five players in global lithium-ion battery intelligent equipment market reached 40.8%, in terms of revenue. Besides, in 2024, the Group maintained a market share of 10.5% in terms of overseas lithium-ion battery intelligent equipment and lithium-ion battery intelligent logistics equipment revenue.

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Top 5 Manufacturers in Lithium-ion Battery Intelligent Equipment Market (by revenue), Global, 2024



Rank	Company Name	Country	Market Share in Global Lithium-ion Battery Intelligent Equipment Market
1	The Group	China	15.5%
2	Company E	China	10.0%
3	Company F	China	5.6%
4	Company G	China	5.2%
5	Company H	China	4.5%

Source: Frost & Sullivan, company reports

Note: Company E is headquartered in China and listed on the Shenzhen Stock Exchange, was established in 2006 and primarily offers lithium-ion battery equipment, and others.

Company F is headquartered in China and listed on the Shanghai Stock Exchange, was established in 2008 and primarily offers power battery laser and automation equipment, PV laser and automation equipment, and others.

Company G is headquartered in China and listed on the Shanghai Stock Exchange, was established in 2011 and primarily offers charge and discharge equipment, internal resistance tester, and others.

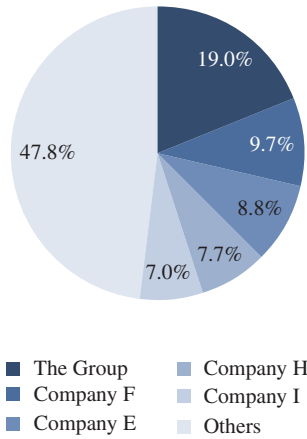
Company H is headquartered in China and listed on the Shanghai Stock Exchange, was established in 2005 and primarily offers lithium-ion battery equipment such as laser welding equipment.

Ranking and Market Share Analysis of China’s Lithium-ion Battery Intelligent Equipment Market

In terms of revenue, the Group was the largest lithium-ion battery intelligent equipment provider in China in 2024, with a market share of 19.0%. In 2024, the aggregated market share of the top five players in China’s lithium-ion battery intelligent equipment market reached 52.2%, in terms of revenue.

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Top 5 Manufacturers in Lithium-ion Battery Intelligent Equipment Market (by revenue), China, 2024



Rank	Company Name	Country	Market Share in China's Lithium-ion Battery Intelligent Equipment Market
1	The Group	China	19.0%
2	Company F	China	9.7%
3	Company E	China	8.8%
4	Company H	China	7.7%
5	Company I	China	7.0%

Source: Frost & Sullivan, company reports

Note: Company I is headquartered in China and listed on the Shanghai Stock Exchange, was established in 2014 and primarily offers lithium-ion battery equipment, PV intelligent equipment, and others.

Overview of Competitive Landscape of Global PV Intelligent Equipment Market

Leading companies in the global photovoltaic intelligent equipment market are mainly Chinese companies, such as Company A, B and C. In 2024, the aggregated market share of the top five players in global PV intelligent equipment market was approximately 30%, in terms of revenue. And the Group currently holds a relatively small market share.

Overview of Competitive Landscape of Global Hydrogen Energy Intelligent Equipment Market

The global hydrogen energy intelligent equipment market is characterized by moderate-to-high concentration, with the top five players collectively holding approximately 40% market share in terms of revenue in 2024. Leading companies in the market are mainly Chinese companies. And the Group currently holds a relatively small market share.

Overview of Competitive Landscape of Global Automotive Intelligent Manufacturing Equipment Market

The global automotive intelligent manufacturing equipment market exhibits a relatively concentrated competitive landscape. Top players in the market are mainly foreign global companies, and the top five players collectively held over 30% of the global market share in terms of revenue in 2024. While Chinese domestic players are rapidly expanding globally, due to the Group’s late entry into the market, it currently holds a relatively small market share.

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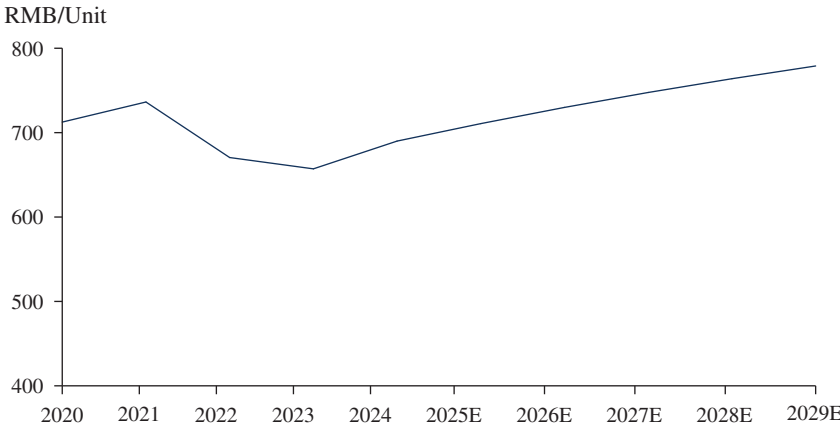
Overview of Competitive Landscape of Global Consumer Electronics Intelligent Manufacturing Equipment Market

The global consumer electronics intelligent manufacturing equipment market is characterized by moderate concentration. Chinese companies are rapidly expanding overseas, challenging global market leaders which are mainly foreign companies. Due to the Group’s late entry into the market, it currently holds a relatively small market share.

Raw Material Price and Shipping Expense Analysis of the New Energy Intelligent Equipment Market

PLC, programmable logic controller, is one of the major raw materials in the new energy intelligent equipment market. It is an electronic device primarily used for real-time control of production processes. From 2021 to 2023, the average price of PLC in China decreased due to supply chain stabilization, and reduced demand from downstream industries including consumer electronics and automotive. In 2024, the average price of PLC in China rose to 690 RMB/unit, due to increased demand driven by advancements in industrial automation and growing adoption of IoT, as well as the increasing raw material costs. And the price is expected to maintain a steady or slightly increasing trend during the forecast period. The average price of PLC in China is expected to increase to approximately 780 RMB/unit in 2029.

Average Price of PLC, China, 2020-2029E

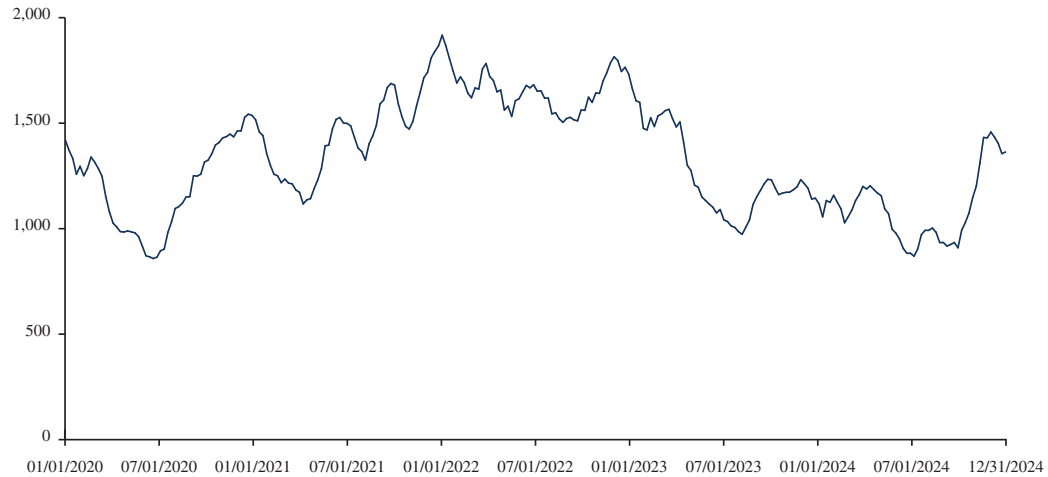


Source: Frost & Sullivan

Shipping expense is one of the major expenses in the new energy intelligent equipment market. From 2020 to 2024, the domestic trade container freight index of China fluctuated due to market demand shifts, fuel price fluctuations and supply chain disruptions, peaking at 1,928 and bottoming out at 873. Looking ahead, the domestic trade container freight index of China is expected to be influenced by macroeconomic conditions, logistics and supply chain factors, and evolving domestic trade patterns.

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Domestic Trade Container Freight Index, China, 2020-2024

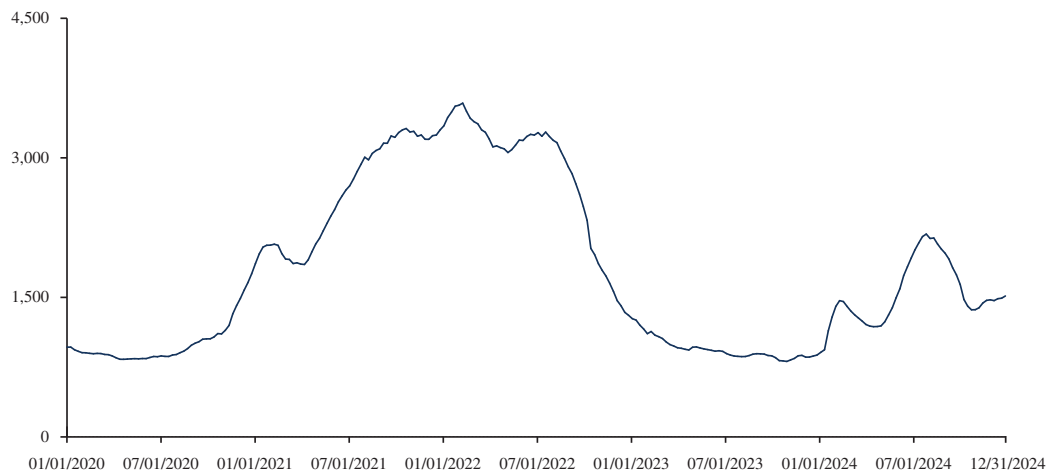


Note: Domestic trade container freight index is based on Panasia Domestic Container Indicator (PDCI) data.

Source: Frost & Sullivan

From 2020 to 2024, the export container freight index of China fluctuated due to factors such as global trade demand, port congestion, the COVID-19 pandemic, and fuel price fluctuations, reaching a peak of 3,588 and bottoming out at 812. In the forecast period, the export container freight index of China is expected to be influenced by macroeconomic conditions, global supply chain dynamics, and shipping capacity adjustments.

Export Container Freight Index, China, 2020-2024



Note: Export container freight index is based on China Containerized Freight Index (CCFI) data.

Source: Frost & Sullivan

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Threats and Challenges of the Global New Energy Intelligent Equipment Market

- ***Policy and Market Volatility Challenge.*** Potential shifting regulatory frameworks and varying government incentives can create uncertainty, impacting the growth of the new energy intelligent equipment industry. These regulatory changes may affect the stability of markets. In addition, international trade tensions, tariffs, and trade barriers can complicate the global supply chain, increasing costs and limiting access to key markets. These challenges may lead to delays in production, hinder cross-border collaboration, and disrupt the availability of critical materials and components, ultimately affecting the industry’s ability to achieve sustainable growth.
- ***Downstream Demand Facing Competitive Challenges from Traditional Energy Sources.*** The potential decline in fossil fuel prices could weaken the demand for renewable energy technologies. As a result, downstream demand for new energy solutions may face challenges, as downstream clients may be more inclined to rely on traditional energy sources if they remain more cost-effective. This dynamic could slow the pace of adoption of new energy technologies, affecting the new energy intelligent equipment industry’s growth prospects.

Entry Barriers of the New Energy Intelligent Equipment Market

- ***Technology Barrier.*** The new energy intelligent equipment industry is a highly specialized, technology-intensive field with applications across various sectors. Leading companies have accumulated extensive technical expertise and proprietary designs, while new entrants would face significant challenges, particularly in mastering winding technology, high-speed slitting technology, automatic welding technology. Therefore, the gap in technologies between new entrants and leading companies would be a huge challenge for new entrants in their early stage of development.
- ***Capital Barrier.*** For new energy intelligent equipment providers, significant capital investments are needed in the purchase and maintenance of equipment, the construction of plants, research and development, as well as staff training. Furthermore, as more new energy intelligent equipment providers have been putting focus on expanding their business vertically along the industrial chain in recent years, it requires more capital investment for new entrants if they want to keep pace with such trends.

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- **Brand Barrier.** Quality of new energy intelligent equipment can directly affect the quality of products of downstream clients, as well as the efficiency of their production activities. Therefore, clients tend to choose new energy intelligent equipment providers with well-known brands and rich successful experience in providing similar services as their suppliers. For new entrants of the market, it requires not only technical capabilities but also time to establish a good brand image. Before this process is completed, the brand barrier would be one of the major challenges for them.
- **Talent Barrier.** New energy intelligent equipment manufacturing involves multi-disciplinary technologies, and has a great demand for professionals who master emerging technologies such as artificial intelligence and Internet of Things, as well as hardware manufacturing, software design, system integration, etc. And many professionals are supposed to receive long-term related education and trainings before formally participating in the different segments of the industry. Therefore, for new entrants of the market, the lack of professional expertise would be a great challenge in the early stages.
- **Customer Resource Barrier.** Established players in the new energy intelligent equipment industry have solidified long-term partnerships with downstream clients, built extensive distribution networks, and accumulated deep insights into industry-specific operational needs. Downstream customers often exhibit high stickiness due to the risks and costs associated with switching suppliers. Thus, new entrants face difficulties breaking into these entrenched supply chains, as clients prioritize reliability and proven track records over untested alternatives.

REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most important significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

LAWS AND REGULATIONS ON CORPORATION

The PRC Company Law (《中華人民共和國公司法》) was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on 29 December 1993 and implemented on 1 July 1994, and last revised on 29 December 2023, which came into effect on 1 July 2024. Under the PRC Company Law, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested enterprises. Pursuant to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail. The PRC Company Law include improving the company establishment and exit regime, optimizing the organizational structures of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholder and management, and reinforcing the social responsibilities of companies, among others.

MAIN LAWS AND REGULATIONS OF THE INDUSTRY AND INDUSTRIAL POLICIES

The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》), which became effective on 1 January 2006, was last revised on 26 December 2009 and came into effect on 1 April 2010, guides, encourages and restricts the development of renewable energy from the aspects of industrial guidance and technical support, popularisation and application, price control and cost compensation, economic incentives and supervisory measures, and legal responsibilities. The Renewable Energy Law of the PRC specifies tax concessions for projects listed in the Guidance Catalogue for Renewable Energy Industry Development by China.

The Technical System for Comprehensive Standardisation of Lithium-ion Batteries (《鋰離子電池綜合標準化技術體系》), which became effective on 25 October 2016, requires further strengthening the overall planning and top-level design of lithium-ion battery standardization, speeding up the formulation and implementation of key standards, including product safety standards, improving and optimizing the technical system for comprehensive standardization of lithium-ion batteries, strengthening the formulation and revision of standards, properly publicising and implementing key standards and promoting the healthy and sustainable development of the industry.

The Action Plan for Promoting the Development of the Automotive Power Battery Industry (《促進汽車動力電池產業發展行動方案》), which became effective on 20 February 2017, proposes continuously improving the performance, quality and safety of existing products, further reducing costs, and ensuring the supply of high-quality power batteries before 2018; vigorously promoting the research and development and industrialisation of new lithium power batteries, to realize large-scale application in 2020; making efforts to strengthen the basic research into power batteries of new systems and realizing the technological transformation and development and testing in 2025.

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According to the Guidance Catalogue for Industrial Structure Adjustment (2024) (《產業結構調整指導目錄(2024年本)》), which became effective on 1 February 2024, the business of the Company, including lithium-ion battery intelligent equipment and intelligent photovoltaic equipment is encouraged.

The Development Plan for the New Energy Vehicle Industry (2021-2035) (《新能源汽車產業發展規劃(2021-2035年)》), which became effective on 20 October 2020, proposes the development vision of obvious enhancement of the market competitiveness of China’s new energy vehicles, and major breakthroughs in key technologies, including power batteries, drive motors and vehicle operating systems, and comprehensive improvement in the safety level by 2025; the average power consumption of new pure electric passenger vehicles decreasing to 12.0 kWh per 100 km and the sales of new energy vehicles accounting for approximately 20% of the total sales of new vehicles, commercialization of highly autonomous vehicles in limited areas and specific scenarios and significant improvement in the convenience of charging and switching services.

The Outline of the 14th Five-Year Plan for National Economic and Social Development of the PRC and the Long-Range Objectives through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which became effective on 12 March 2021, requires developing and expanding strategic emerging industries, making efforts to seize the opportunities from future industrial development, cultivating leading and pillar industries and encouraging the integrated, clustering and eco-driven development of strategic emerging industries, so that the value added of strategic emerging industries accounts for more than 17% of GDP; building new pillars of the industrial system, focusing on the new generation, including information technology, biotechnology, new energy, new materials, high-end equipment, new energy vehicles, environmental protection, aerospace, marine equipment and other strategic emerging industries, accelerating the innovation and the application of core technologies in key fields, enhancing production factor assurance capabilities and fostering new drivers for industrial development.

The Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》), which became effective on 24 October 2021, sets out that over the 14th Five-Year Plan period, notable progress will be made in adjustment and optimization of the industrial structure and energy mix. Energy efficiency will be largely improved in key industries, strict controls will be placed upon coal consumption growth; construction of new electric power systems based upon new energy resources will speed up; new progress will be made in research and development, broad application of green and low-carbon technologies; environmentally friendly production modes and living patterns will become widespread; and further improvement will be made in the policy framework for green, low-carbon and circular development. By 2025, the share of non-fossil fuels in total energy consumption will reach around 20%, while the energy consumption and the carbon dioxide emissions per unit of GDP will drop by 13.5% and 18%, respectively, compared with 2020 levels, laying a solid foundation for carbon peaking. During the 15th Five-Year Plan period, major progress will be made in the adjustment of industrial structure; a clean, safe, efficient and low-carbon energy system will be preliminarily established; low-carbon development models will have largely taken shape in key fields; the energy efficiency among China’s key energy consumption

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industries will reach advanced international standards; non-fossil fuels will account for a larger share of energy consumption, coal consumption will gradually fall, crucial breakthroughs will be made in green and low-carbon technology, the public will opt for environmentally friendly living patterns, and formulation of the policy framework for green, low-carbon and circular development will be mostly complete. By 2030, the share of non-fossil energy consumption will reach around 25%, and carbon dioxide emissions per unit of GDP will have dropped by more than 65% compared with the 2005 level, successfully achieving carbon dioxide peaking before 2030.

The 14th Five-Year Plan New Energy Storage Development Implementation Plan was issued by the NDRC and the National Energy Administration in January 2022, which proposed by 2025, new energy storage shall transform from the initial stage of commercialization to the large-scale development and fulfill the development goal with conditions for large-scale commercial application, and included the improvement of upstream and downstream industrial chain, cultivation and extension of the new energy storage upstream and downstream industries, and active promotion of the development of the whole industrial chain of new energy storage relying on backbone enterprises with independent intellectual property rights and core competitiveness as important elements of steady promotion of the new energy storage industrialization process.

The Medium and Long-Term Plan for the Development of the Hydrogen Energy Industry (2021-2035) (《氢能產業發展中長期規劃(2021-2035年)》), which became effective on 23 March 2022, puts forward the development goals as follows: by 2025, a relatively sound institutional and policy environment for the development of the hydrogen energy industry will be formed; the industrial innovation capability will be significantly improved; the core technologies and manufacturing processes will be basically mastered; a relatively complete supply chain and industrial system will be initially established; the number of existing fuel cell vehicles will be approximately 50,000; and annual hydrogen production from renewable energy will reach 100,000 to 200,000 tons to become an important part of new hydrogen energy consumption, and enable carbon dioxide emission reduction of 1 to 2 million tons per year; by 2030, a relatively complete technological innovation system of the hydrogen energy industry, a system of production and supply of hydrogen as clean energy will be formed; the industrial arrangement will be reasonable and orderly; and hydrogen production from renewable energy will be widely used, thus strongly supporting the realization of the goal of carbon peaking; by 2035, a hydrogen energy industry system will be formed; a diversified hydrogen energy application ecosystem covering transportation, energy storage, industry and other fields will be built.

The Implementation Plan for Supporting Carbon Peak and Carbon Neutrality with Science and Technology (2022-2030) (《科技支撐碳達峰碳中和實施方案(2022-2030年)》) which became effective on 24 June 2022, lists energy storage technology as one of the supporting technologies for green and low-carbon energy transformation, and proposed to launch research and development of efficient energy storage technologies, including compressed air energy storage, flywheel storage, liquid- and solid-state lithium-ion battery energy storage, sodium-ion battery storage and fluid-flow battery storage.

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The Announcement on Continuing and Optimizing the Vehicle Acquisition Tax Reduction and Exemption Policies for New Energy Vehicles (《關於延續和優化新能源汽車車輛購置稅減免政策的公告》) was issued by the MOF, the State Taxation Administration and the MIIT on 19 June 2023, which proposed to exempt NEVs purchased during the period from 1 January 2024 to 31 December 2025 from vehicle acquisition tax, with the amount of tax exemption for each new energy passenger vehicle not exceeding RMB30,000, and reduce vehicle acquisition tax by half on NEVs purchased during the period from 1 January 2026 to 31 December 2027, with the amount of tax reduction for each new energy passenger vehicle not exceeding RMB15,000.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “Product Quality Law”), which was promulgated by the SCNPC on 22 February 1993 and implemented on 1 September 1993, and last revised on 29 December 2018, the law applies to all production and marketing activities within the territory of the PRC. Producers shall be responsible for the quality of the products they produce and sell. Quality of products shall meet the following requirements: (i) products shall be free from any irrational dangers threatening the safety of people and property. If there are State standards or trade standards for ensuring the health of the human body and safety of lives and property, the products shall conform to such standards; (ii) products shall have the property they are due to have, except cases in which there are explanations about the defects of the property of the products; and (iii) products shall tally with the standards prescribed or specified on the packages and with the quality specified in the instructions for use or shown in the providing samples. In case of violation of the Product Quality Law, the market regulatory authorities have the right to order producers and sellers to stop production and sales, confiscate the products which are illegally produced or sold and impose fines. In case of serious violations, the business license of a producer or seller will be revoked, and if the violation is so serious as to have constituted a crime, the producer or seller will be prosecuted for criminal liability.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), which was promulgated by the NPC on 28 May 2020 and became effective on 1 January 2021, where a defect of a product endangers the personal or property safety of another person, the infringed person has the right to request the manufacturer or seller of the product to bear tort liability in forms of cessation of the infringement, removal of the nuisance, elimination of the danger, or the like.

LAWS AND REGULATIONS ON CONSUMER PROTECTION

Pursuant to the Law of the PRC on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) which was last revised on 25 October 2013 and became effective on 15 March 2014, the operators to provide consumers with the goods they produce or sell or to provide services shall comply with the Law on the Protection of the Rights and Interests of Consumer. Under any of the following circumstances, business operators providing commodities or services shall assume civil liability in accordance with the provisions of other applicable laws and regulations, except as otherwise provided for in this Law: (i) commodities

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or services are defective; (ii) commodities lack the required performances in use, and no explanation is provided at the time of sale; (iii) commodities fail to comply with the commodity standards indicated on commodities or their packaging; (iv) commodities fail to reach the quality indicated by product instructions, real samples, and other means; (v) commodities expressly eliminated by the state are produced or expired or deteriorated commodities are sold; (vi) commodities sold are short in quantity; (vii) service contents and costs are in violation of agreement; (viii) Business operators deliberately delay or unreasonably refuse consumers’ requests for repair, remanufacture, replacement, return of goods, making up shortage of commodities, refunding payments for goods or services, or compensation for losses; or (ix) Otherwise infringing upon consumer rights and interests as provided for by laws and regulations. Where business operators fail to fulfill their obligations of safety protection of consumers, causing damage to consumers, they shall assume tort liability. Business operators which are suspected of any crime for infringing upon the lawful rights and interests of consumers in providing commodities or services in violation of this Law shall be subject to criminal liability in accordance with the law.

LAWS AND REGULATIONS ON PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the “Production Safety Law”), which was last revised on 10 June 2021 and came into force on 1 September 2021, a production and operation entity must comply with this Law and other laws and regulations related to work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardization and informatization of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety. The main responsible person of a production and operation entity, as the primary person responsible for the work safety of the entity, shall be fully responsible for the work safety of the entity. Any other person in charge shall be responsible for the work safety within the scope of his or her duties. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

LAWS AND 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》) promulgated by the SCNPC on 26 December 1989 and implemented on the same date, and subsequently revised on 24 April 2014, enterprises, public institutions and other producers and operators shall prevent and reduce environmental pollution and ecological damage, and shall take the liabilities for the damages caused according to the laws. The state adopts the pollution discharge permit management system. Enterprises, public institutions and other

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producers and operators which are subject to the pollution discharge permit management shall discharge pollutants according to the requirements of the pollution discharge permit; and those that fail to obtain the pollution discharge permit shall not discharge pollutants.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on 28 October 2002 and implemented on 1 September 2003, and last revised on 29 December 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998 and implemented on the same date, and subsequently revised on 16 July 2017, the state implements a system to assess the environment impact of construction projects. If the construction project may result in a material impact on the environment, a thorough environmental impact report on the potential environmental impact is required; if the construction project may result in only slight impact on the environment, an environmental impact statement of analyzing or special evaluation will be required; if the construction project may only result in very little impact on the environment and no environmental impact appraisal is required, a registration form of environmental impact shall be filed. Construction projects without undergoing assessment for environmental impact according to the laws cannot commence construction. After the completion of the construction projects for which environment effect report and environment effect statement was prepared, a construction unit shall, according to the standards and procedures formulated by the competent administrative department for environment protection under the State Council, conduct inspection and acceptance of supplementary environment protection facilities, and prepare inspection and acceptance report. No supplementary facilities of such projects may be put into production or use until such facilities pass inspection and acceptance; no supplementary facilities that failed to undergo or pass the inspection and acceptance procedure may be put into production or use. The Regulations on the Administration of Construction Project Environmental Protection specifies that construction projects that cause pollution shall comply with the national and local pollutant discharge standards; in the area where the total discharge of key pollutants is subject to control, the projects shall also meet the requirements of control of the total discharge of key pollutants. The environmental protection facilities needed for construction projects, and the main part of the projects shall be designed, constructed and put into use at the same time.

If an enterprise violates the provisions of the aforesaid laws and regulations, the environmental protection administrative departments at the county level or above may order it to stop production or construction, impose a fine and order it to conduct rehabilitation; if the violation constitutes a crime, the enterprise may be held criminally liable according to law.

The Law of the PRC on the Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》), which became effective on 1 October 2003, and the Regulations on the Safety and Protection of Radioisotopes and Radiation Devices (《放射性同位素與射線裝置安全和防護條例》), which became effective on 1 December 2005 and was last revised and came into force on 2 March 2019, specify that organisations producing, selling and using radioisotopes and radiation devices shall apply for a licence and go through the registration procedures in accordance with the regulations of the State Council on the

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protection of radioisotopes and radiation devices. Organisations producing, selling and using radioisotopes and radiation devices shall collect, package and store radioactive wastes generated by them, in accordance with the requirements of the competent administrative authorities of the State Council for environmental protection. Organisations producing, selling, using and storing radioactive sources shall establish and improve their safety systems, designate responsible persons, implement the safety responsibility system and develop necessary emergency measures for accidents.

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF GOODS

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), which became effective on 1 July 1994, and was last revised and came into force on 30 December 2022, China allows the free import and export of goods and technologies, unless otherwise specified by laws and administrative regulations.

The Customs Law of the PRC (《中華人民共和國海關法》), which became effective on 1 July 1987 and was last revised and came into force on 29 April 2021, specifies that unless otherwise specified, consigners or consignees of imported or exported goods may go through the customs declaration and taxation procedures or engage a customs broker to do so. The consigners or consignees of imported or exported goods and the customs broker shall file with the customs in accordance with laws.

The Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), which became effective on 1 January 2022, specifies that a customs declaration entity means consigner or consignee of imported or exported goods or customs broker that files with the customs. A customs declaration entity may make a customs declaration in China. The filing of a customs declaration entity is valid permanently.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated by the NPC on 15 March 2019 and implemented on 1 January 2020, establishes the management system for pre-access national treatment and negative list for foreign investment in the PRC. “Pre-access national treatment” means that foreign investors and their investments shall be treated no less favorably than domestic investors and their investments at the stage of investment access; “negative list” refers to the special administrative measures for access of foreign investment in specific fields as prescribed by the PRC. The PRC gives national treatment to foreign investment outside the negative list. In addition, the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “Implementation Regulations”), which came into effect on January 1, 2020, further stipulates that the PRC shall, according to the needs of national economic and social development, formulate a catalog of encouraged foreign-invested industries, and specify the specific industries, fields and regions in which foreign investors are encouraged and guided to invest.

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The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “2024 Negative List”) is issued by the NDRC and the MOFCOM jointly on 6 September 2024, to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the negative list, while foreign investments must satisfy certain conditions stipulated in the negative list for investment in restricted industries. Industries not listed in the negative list are generally deemed “permitted” for foreign investments.

REGULATIONS ON OVERSEAS INVESTMENT

The Measures for the Administration of Overseas Investment (《境外投資管理辦法》), which became effective on 1 May 2009, and was last revised on 6 September 2014 and came into force on 6 October 2014, specifies that the Ministry of Commerce and the competent commercial authorities of all provinces, autonomous regions, specifically designed cities in the state plan, and Xinjiang Production and Construction Corps (hereinafter referred to as provincial commercial authorities) are responsible for the management and supervision of overseas investment, and the Ministry of Commerce and provincial commercial authorities shall carry out filing and approval management of overseas investment, according to different conditions of overseas investment of enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

The Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which became effective on 1 March 2018, specifies that investors with overseas investment shall go through the procedures of overseas investment project approval and filing, report relevant information, and co-operate with the supervision and inspection. Overseas investment projects are subject to filing and approval administration according to whether they are in sensitive industries, and the catalog of sensitive industries is issued by the National Development and Reform Commission.

LAWS AND REGULATIONS ON OVERSEAS OFFERING AND LISTING

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Trial Measures”) and 5 supporting guidelines promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

The Trial Measures provides that no overseas offering and listing shall be made under any of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its

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controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (v) where there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Trial Measures stipulates that upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national courtesy translation security.

On 24 February 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to 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》). Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS ON PROPERTY LEASING

According to the PRC Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

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Pursuant to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010, which became effective on 1 February 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the competent construction or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

Regulations on Internet information security

The National Security Law of the PRC (《中華人民共和國國家安全法》) promulgated and becoming effective on 1 July 2015, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investments, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “Cybersecurity Law”) promulgated on 7 November 2016 and becoming effective on 1 June 2017, is applied to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill the obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data, and network operators shall not collect the personal information irrelevant to the services provided, or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

The Data Security Law of PRC (《中華人民共和國數據安全法》) (the “Data Security Law”) promulgated on 10 June 2021 and becoming effective on 1 September 2021. The Data Security Law mainly sets forth specific provisions regarding the establishment of basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency response system. In addition, the Data Security Law clarifies the data security protection obligations of organizations and individuals carrying out data activities and implements data security protection responsibilities.

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The Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “Cybersecurity Review Measures”) jointly revised and promulgated by the Cyberspace Administration of China (the “CAC”) and other twelve PRC regulatory authorities on 28 December 2021, became effective on 15 February 2022. The Cybersecurity Review Measures provides that, among others, (i) critical information infrastructure operators that purchase network products and services or network platform operators that engage in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the enterprise’s network products or services, or data processing activities affect or may affect national security.

The Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the “Cyber Data Security Regulations”) promulgated by the State Council on 24 September 2024, which became effective on 1 January 2025, stipulate that where network data handlers carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations. The Cyber Data Security Regulations optimize regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data. Further, the Cyber Data Security Regulations set forth network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

Regulations on Privacy protection

Pursuant to the PRC Civil Code, personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of the others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of the others, or illegally purchase or sell, provide, or make public personal information of the others.

Further, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which was issued by the SCNPC on 29 August 2015 and became effective on 1 November 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users’ information; (iii) any serious loss of evidence of

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criminal activities; or (iv) other severe situations, and any individual or entity that (a) illegally sells or provides personal information to the others or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

The Personal Information Protection Law of PRC (《中華人民共和國個人信息保護法》) (the “Personal Information Protection Law”) promulgated on 20 August 2021, became effective on 1 November 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors shall truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (iv) other matters that shall be notified as required by laws and administrative regulations. Based on the processing purposes and processing methods of personal information, types of personal information, impacts on personal rights and interests, and possible security risk, etc., personal information processors shall also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations and to prevent unauthorized access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulating and organizing the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal information protection obligations thereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined for not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, impose a fine of less than RMB50 million or less than 5% of the previous year’s turnover, order the suspension of relevant business or suspend business for rectification and notify the relevant competent authority to revoke the relevant permits or business license; impose a fine of not less than RMB100,000 but not more than RMB1 million

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on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior management and person in charge of personal information protection of related companies within a certain period of time.

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

The Labour Law of the PRC (《中華人民共和國勞動法》), which became effective on 1 January 1995 and was last revised and came into force on 29 December 2018, is one of main laws regulating the labour relations between enterprises and employees in China. It specifies that labourers have equal right to employment and choice of occupation, the right to remuneration for labour, to rest and vacations, to the protection of occupational safety and health, to training in vocational skills, to social insurance and welfare, to submission of labour disputes for settlement and other rights relating to labour stipulated by laws. The employing units shall establish and perfect rules and regulations in accordance with the laws so as to ensure that workers and labourers enjoy the right to work and fulfil labour obligations. A labour contract shall be concluded where a labour relationship is to be established. The employing unit must provide labourers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labour protection, and provide regular health examination for labourers engaged in work with occupational hazards. China provides special protection for female staff and workers and juvenile workers. China has established a social insurance system, and set up social insurance funds so that labourers may receive assistance and compensation under such circumstances as old age, illness, work-related injury, unemployment and childbirth.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which became effective on 1 January 2008, and was last revised on 28 December 2012 and came into force on 1 July 2013, applies to the establishment of labour relations, entry into, performance, amendment, rescission or termination of labour contracts between enterprises, individual economic organisations, private unincorporated organisations and other organisations on the one hand and workers on the other, in China. It specifies that labour contracts shall be concluded in adherence to the principles of legality, fairness, equality, voluntariness, consensus and good faith. Employing units shall establish and improve labour rules and regulations to ensure that workers enjoy the labour rights and fulfill the labour obligations. The establishment of a labour relationship requires entering into a written labour contract. The employing unit shall strictly implement the norm set for labour quota and shall not compel the workers to work overtime or do so in a disguised form. If an employing unit assigns overtime work, it shall make overtime payments to the employers in accordance with relevant provisions of China.

Pursuant to the Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of 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)》), promulgated on 31 July 2025 and effective since 1 September 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people’s court. If an employer fails to pay social insurance premiums

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in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law of the People's Republic of China, the people's court shall support such claims in accordance with the law. If the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law. Our PRC Legal Advisor is of the view that the effective implementation of this judicial interpretation did not and will not have a material adverse impact on the Company's business operations.

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which became effective on 1 July 2011 and was last revised and came into force on 29 December 2018, the Regulations on Work-related Injury Insurance (《工傷保險條例》), which became effective on 1 January 2004, and was last revised on 20 December 2010 and came into force on 1 January 2011, the Trial Measures for Maternity Insurance of Enterprise Employees (《企業職工生育保險試行辦法》), which became effective on 1 January 1995, the Decision of the State Council on Establishing a Unified Basic Endowment Insurance System for Enterprise Employees (《國務院關於建立統一的企業職工基本養老保險制度的決定》), which became effective on 16 July 1997, the Decision of the State Council on Establishing a Basic Medical Insurance System for Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》), which became effective on 14 December 1998, and the Regulations on Unemployment Insurance (《失業保險條例》), which became effective on 22 January 1999, specify that China should establish basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and other social insurance systems, so that the citizens can obtain assistance and compensation from the country and society in their old age or in case of illness, work-related injury, unemployment, childbirth, etc. Employers and individuals in China shall make social insurance contributions in accordance with laws. Enterprises in China are obliged to purchase endowment insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance for their employees. If an employer fails to make social insurance contributions in full and on time, the organization collecting social insurance contributions shall order it to make contributions or make up for the balance within a specified period, and shall, from the date of payment, impose a late payment penalty at the rate of 0.05% on a daily basis; if the employer fails to make payment within the specified period, the relevant administrative department shall impose a penalty of not less than one time but not more than three times the arrears.

The Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which became effective on 3 April 1999 and was last revised and came into force on 24 March 2019, specifies that enterprises in China shall apply to the housing provident fund management center for registration of contributions to the housing provident fund, and open housing provident fund accounts for their employees. If an employer fails to make contributions or makes insufficient contributions to the housing provident fund within the specified period, the housing provident fund management center shall order it to make contributions within a specified period; if the employer fails to make payment within the specified period, an enforcement application may be submitted to the people's court.

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LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

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 12 March 1984 and implemented on 1 April 1985, and last revised on 17 October 2020 and came into effect on 1 June 2021, and the Implementation Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on 15 June 2001, implemented on 1 July 2001 and last amended on 11 December 2023, with the latest amendment being effective on 20 January 2024, patents in mainland China are divided into invention patent, utility patent and design patent. Invention patent shall be valid for 20 years from the date of application, while utility patent shall be valid for 10 years and design patent shall be valid for 15 years from the date of application respectively. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (the “Trademark Law”), which was promulgated by the Standing Committee on 23 August 1982 and became effective on 1 March 1983 and last revised on 23 April 2019 and implemented on 1 November 2019 and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on 3 August 2002 and implemented on 15 September 2002, and amended on 29 April 2014, a trademark registered by the Trademark Office is a registered trademark, including the commodity trademark, service trademark, collective trademark and certification trademark. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. The trademark registrant shall apply for renewal within 12 months before the expiry date for further use of the registered trademark. The valid period for each renewal of registration is 10 years, counted from the next day of the expiration day of the last term.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), or the Copyright Law, promulgated by the SCNPC on 7 September 1990 and implemented on 1 June 1991, and last revised on 11 November 2020 and came into effect on 1 June 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

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Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on 20 February 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on 30 January 2013 and came into effect on 1 March 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in mainland China and recognizes the China Copyright Protection Centre as the software registration organization. The China Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology of the PRC on 24 August 2017 and came into effect on 1 November 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

The Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), which became effective on 1 April 1996 and was last revised and came into force on 5 August 2008, applies to the foreign exchange receipts and payments or foreign exchange business activities of domestic organizations and individuals, foreign organizations and individuals in China. It specifies that China shall not restrict international current payments and transfers. The foreign exchange receipts of domestic organizations and individuals can be repatriated to China or deposited overseas; the conditions and time limit for repatriation or overseas deposit shall be specified by the foreign exchange administration authorities of the State Council according to the international balance of payment and the needs of foreign exchange administration. Domestic organizations and individuals who make overseas direct investments or engage in the overseas issuance and trading of negotiable securities and derivatives shall register in accordance with the requirements of the foreign exchange administration authority of the State Council. If the state requires prior approval by or filing with relevant competent authorities, the approval or filing procedures shall be gone through prior to the foreign exchange registration.

The Circular of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for 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》), which became effective on 9 June 2016, specifies that in the case of foreign exchange receipts in capital accounts subject to willingness exchange settlement as specified by relevant policies (including foreign exchange capital, foreign debt funds and proceeds from overseas listing which are repatriated, etc.), exchange settlement may be made in banks according to the actual

REGULATORY OVERVIEW

business needs of domestic organizations. The foreign exchange receipts in the domestic capital account and RMB proceeds from exchange settlement may be used to cover the current account expenditures within the business scope, as well as the expenditures under the capital account permitted by laws and regulations. Foreign exchange receipts in the domestic capital account of a domestic organization and RMB proceeds from exchange settlement shall not be: (1) directly or indirectly used to cover expenditures beyond the business scope of enterprises or prohibited by national laws and regulations; (2) directly or indirectly used for securities investment or other investments and wealth management other than capital protected products of banks, unless otherwise specified; (3) used to provide loans to non-affiliated enterprises, unless otherwise approved in the business scope; or (4) used for the construction or purchase of real estate not for own use (except where the entity is a real estate enterprise).

The Circular on Further Improving RMB Cross-Border Business Policies and Promoting Trade and Investment Facilitation (《關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知》), which became effective on 5 January 2018, specifies that domestic enterprises may repatriate the proceeds to China for use according to actual needs after issuing RMB bonds overseas and going through relevant procedures according to the macro-prudent administration of full-coverage cross-border financing. RMB proceeds of domestic enterprises from overseas issuance of shares may be repatriated to China for use according to actual needs.

The Circular on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》), which became effective on 26 December 2014, specifies that the State Administration of Foreign Exchange, its branches and foreign exchange administration departments shall supervise, manage and inspect the business registration, account opening and use, cross-border receipts and expenditures, capital exchange and other behaviours involved in the overseas listing of domestic companies. Domestic companies shall register the overseas listing within 15 working days of the completion of overseas listing and issuance; the proceeds from domestic and overseas listing of a company may be repatriated to China or deposited overseas, and the use of the proceeds shall comply with relevant contents set out in the prospectus or corporate bond prospectus, the circular to shareholders, resolutions of the board of directors or the general meeting and other publicly disclosed documents.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

The history of our business could date back to 2002 when our founder, Mr. Wang, started our business in Wuxi, Jiangsu Province. We commenced our operations with the research, development and production of thin-film capacitor equipment. Initially focusing on fully automatic winding machines, we have then developed completely automated production equipment for thin-film capacitor manufacturing. Through this process, we mastered multiple core manufacturing technologies including automatic winding technology, high-speed slitting technology, metallization spraying technology and formation and sorting technology. Since automatic winding technology and high-speed slitting technology also constitute core technologies for lithium-ion battery equipment, we successfully extended these technological competencies to the lithium-ion battery equipment manufacturing and developed an extensive product portfolio. While developing thin-film capacitor and lithium-ion battery equipment, we also leveraged our long-term accumulated capabilities in automation engineering R&D to expand the application scope of our core technologies to intelligent equipment for PV batteries and others. Over the years, we have evolved as a prominent new energy intelligent equipment enterprise, offering highly competitive intelligent equipment and solutions to a wide range of emerging and high-end manufacturing industries. Operating in the world’s most dynamic and high-growth industrial ecosystem, our equipment and solutions are deployed globally across diverse application including manufacturing of lithium-ion batteries, PVs batteries and 3C electronics, hydrogen and fuel cell production, intelligent logistics, automotive production and laser precision processing. We maintain extensive partnerships with leading customers in each of these sectors and have established a dominant market position in the energy sector.

Our Company was established under the laws of the PRC on April 30, 2002. In May 2015, our A Shares were listed on the Shenzhen Stock Exchange (stock code: 300450). As of the Latest Practicable Date, our total issued share capital was RMB1,566,163,034, comprising 1,566,163,034 A Shares, of which approximately 32.33% was controlled by Mr. Wang, Ms. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luo jie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling, our Single Largest Group of Shareholders.

OUR KEY MILESTONES

The following is a summary of our Group’s key business development milestones:

Year	Event
2002	Inception of our Company.
2008	We expanded into the lithium-ion battery equipment business.
2009	We expanded into the PV equipment businesses.

HISTORY AND CORPORATE STRUCTURE

Year	Event
2015	We were listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300450).
2016	We acquired Zhuhai Titan, one of our major subsidiaries.
2018	We rolled out complete production line solutions for prismatic, cylindrical, pouch and blade lithium-ion batteries and the intelligent manufacturing of PV cells and modules. We expanded into the 3C intelligent equipment, intelligent logistics equipment, hydrogen energy equipment, automotive intelligent production line, laser precision processing equipment and other businesses.
2022	We established the Centre of Competency (COC) in Europe, being among the first Chinese lithium-ion battery equipment providers to own a technology centre in Europe.
2024	We were recognized by Fortune Magazine as one of Fortune China Technology Top 50 and by the All-China Federation of Industry and Commerce (中華全國工商業聯合會) as one of Top 500 private manufacturing enterprises in China. We delivered solid-state batteries turnkey solutions to our customers.

OUR MAJOR SUBSIDIARIES

The principal business activities and date of establishment of each of our major subsidiaries, which we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period, are shown below:

Name of company	Equity interest attributable to our Group	Principal business activities	Date of incorporation/ establishment	Place of incorporation/ establishment
Zhuhai Titan	100%	Manufacture of lithium-ion battery intelligent equipment	February 24, 2014	PRC
Jiangsu Qingdao Intelligent	81.71%	Provision turnkey solutions for hydrogen energy	December 14, 2020	PRC

HISTORY AND CORPORATE STRUCTURE

Name of company	Equity interest attributable to our Group	Principal business activities	Date of incorporation/ establishment	Place of incorporation/ establishment
Jiangsu Lead Technology	81.49%	Manufacture of 3C intelligent equipment	December 17, 2020	PRC
Wuxi Guangdao	82.56%	Provision of solutions for laser precision processing	December 14, 2020	PRC
Guangdong Beidao	100%	Provision of logistics turnkey solutions	December 17, 2020	PRC
Jiangsu Andao Intelligent	99%	Testing and installation of equipment	December 25, 2020	PRC
Shanghai Lead Huineng .	100%	Research and development	March 9, 2021	PRC

The Company held majority equity interests in the above major subsidiaries throughout the Track Record Period. See “Statutory and General Information — C. Further Information about Our Subsidiaries” in Appendix VI to this document for more details on share capital changes of our major subsidiaries.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of our Company and Conversion into Joint Stock Limited Company

Our Company, then known as Wuxi Lead Auto Equipment Co., Ltd. (無錫先導自動化設備有限公司), was established on April 30, 2002 by Mr. Wang through Wuxi Lead Capacitor Equipment Manufacturing Company (無錫先導電容器設備廠) and Korea KUJU Engineering Co., Ltd., an early investor of our Company, with an initial registered capital of USD200,000.

Upon the completion of several rounds of share transfers and capital injection, the registered share capital of our Company reached RMB51 million in December 2011, with Mr. Wang being the controlling shareholder of our Company.

In December 2011, our Company accomplished all procedures required to convert from a limited liability company into a joint stock company with limited liability.

HISTORY AND CORPORATE STRUCTURE

Listing on the Shenzhen Stock Exchange

In May 2015, we completed the listing of our A Shares on the Shenzhen Stock Exchange (stock code: 300450) (the “**A-Shares Listing**”). In the A-Shares Listing, we issued an aggregate of 17,000,000 A Shares, accounting for 25% of our Company’s then share capital immediately following the A-Shares Listing.

In December 2015, we changed the name of our Company to our current name, Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司).

MAJOR ACQUISITION AND DISPOSAL

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

PUBLIC FLOAT

So far as our Directors are aware, all [REDACTED] H Shares to be [REDACTED] pursuant to the [REDACTED], representing approximately [REDACTED]% of our total issued share capital immediately upon [REDACTED] (assuming the [REDACTED] is not exercised and excluding the treasury shares), will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules at the time of the [REDACTED]. Accordingly, at the time of [REDACTED], we will maintain a sufficient public float as required under Rule 19A.13A(2) of the Listing Rules where at least 10% of our Company’s total number of issued shares (excluding treasury shares) will be held by the public.

FREE FLOAT

To the best knowledge of our Directors, Our Company will comply with the free float requirement under Rule 19A.13C of the Listing Rules at the time of [REDACTED].

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since 2015, our Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respect, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

HISTORY AND CORPORATE STRUCTURE

Our Company seeks to be [REDACTED] on the Stock Exchange in order to provide further capital for the development and expansion of our business, provide an additional fundraising platform for our Company should the need arise, further strengthen our business profile and advance our internationalization strategy, optimize our international brand image, and better attract overseas investors and talents. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” for more details.

PROPOSED GLOBAL DEPOSITARY RECEIPT APPLICATION

As approved by the Board on October 19, 2022, and by the shareholders of the Company on November 4, 2022, we proposed to offer Global Depositary Receipts (“GDR”) of the Company globally and list the GDRs on the SIX Swiss Exchange (the “**Proposed GDR Application**”). The listing application was later submitted to the SIX Swiss Exchange in November 2022, and a conditional approval was obtained from the SIX Swiss Exchange on December 6, 2022 and an approval was obtained from the CSRC on December 19, 2022. The Proposed GDR Application plan was further considered and approved by the Board on February 2, 2024 and by the shareholders of the Company on February 19, 2024. However, taking into account the general macroeconomic conditions, we terminated the Proposed GDR Application and proceeded to seek a [REDACTED] of our H Shares on the Stock Exchange in January 2025. During our preparation for the Proposed GDR Application, we did not encounter any material difficulties or legal impediments which led us to suspend the preparation for the Proposed GDR Application.

To the best of our Directors’ knowledge, information and belief, our Directors are not aware of any material matter relating to the Proposed GDR Application, which may materially and adversely affect the suitability of our Company to [REDACTED] its H Shares on the Stock Exchange and should be brought to the attention of the Stock Exchange, its Shareholders or prospective [REDACTED].

Based on the independent due diligence work performed by the Joint Sponsors and the information and documents made available to the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that could reasonably cast doubt on the Directors’ views set out above.

RESTRICTED SHARE INCENTIVE SCHEMES

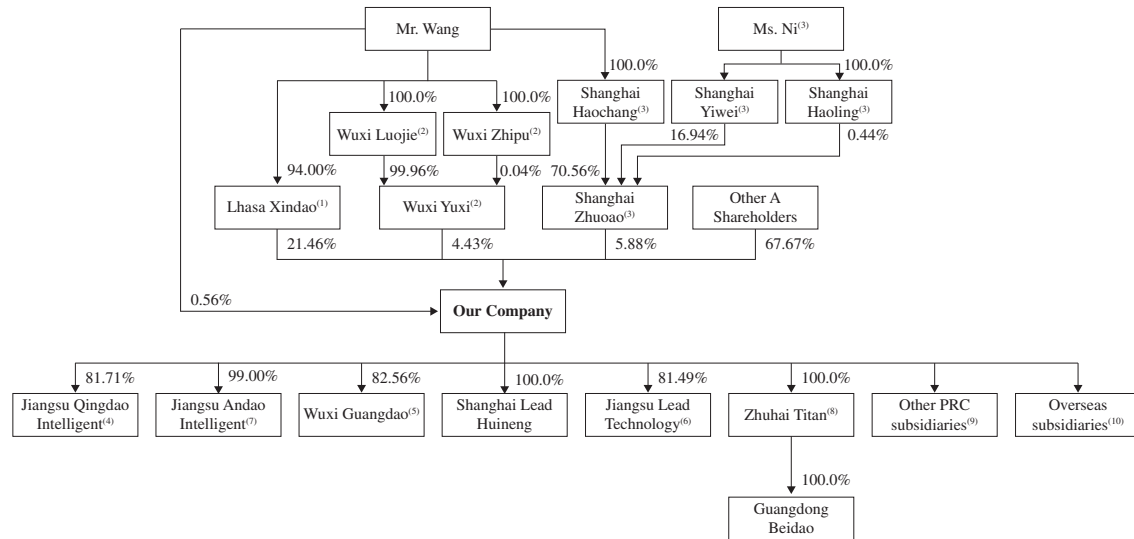
In order to improve our Group’s long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of our Group’s key employees, we adopted the Restricted Share Incentive Schemes. For details, see “Statutory and General Information — 4. Our Restricted Share Incentive Schemes” in Appendix VI to this document.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate structure immediately before the [REDACTED]

The following diagram illustrates a simplified corporate and shareholding structure of our Group immediately prior to the completion of the [REDACTED] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]):



Notes:

- Lhasa Xindao is held as to 94.00% by Mr. Wang. The remaining equity interest of Lhasa Xindao is held as to (i) 3.00% by Mr. Wang Jianxin, our executive Director and the cousin of Mr. Wang; and (ii) 3.00% by Mr. Wang Jianqing, the brother of Mr. Wang.
- Wuxi Yuxi is held as to (a) 99.96% by Wuxi Luojie; and (b) 0.04% by Wuxi Zhipu (both of which are ultimately wholly-owned by Mr. Wang).
- The general partner of Shanghai Zhuoao is Shanghai Yiwei, whose general partner is Ms. Ni, the spouse of Mr. Wang. Shanghai Zhuoao is held as to 70.56% by Shanghai Haochang, which is in turn wholly-owned by Mr. Wang. The remaining interests of Shanghai Zhuoao are held as to (i) 16.94% by Shanghai Yiwei, which is in turn held by 20 individual limited partners with none of them holding one-third or more of the interests therein; (ii) 12.06% by Shanghai Fufu Electronic Technology Center (Limited Partnership) (上海富弗電子科技中心(有限合伙)), which is in turn held by 20 individual limited partners with none of them holding one-third or more of the interests therein and whose general partner is Mr. Wang Jianxin, our executive Director; and (iii) 0.44% by Shanghai Haoling, which is in turn wholly-owned by Ms. Ni.
- As of the Latest Practicable Date, the remaining equity interest in Jiangsu Qingdao Intelligent was held (i) as to 10.48% by Mr. Wang; (ii) by three domestic employee shareholding platforms, namely Wuxi Haoying Management Consulting Partnership (Limited Partnership) (無錫皓盈管理諮詢合夥企業(有限合伙)), Wuxi Haona Management Consulting Partnership (Limited Partnership) (無錫皓納管理諮詢合夥企業(有限合伙)) and Wuxi Haozhi Management Consulting Partnership (Limited Partnership) (無錫皓之管理諮詢合夥企業(有限合伙)) (“**Wuxi Haozhi**”) as to 3.57%, 2.49% and 1.75%, respectively. Jiangsu Qingdao Intelligent also directly holds 99% equity interest in Shanghai Qingdao Hanjue Intelligent Technology Co., Ltd. (上海氫導漢珏智能科技有限公司), with its remaining 1% equity interest held by Mr. Wang Lei, our executive Director.

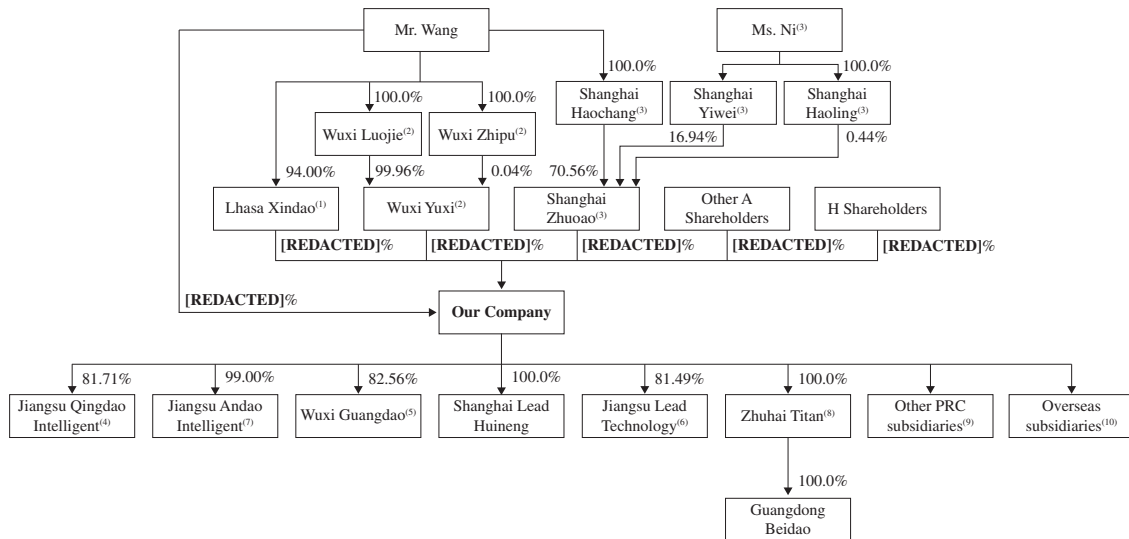
HISTORY AND CORPORATE STRUCTURE

5. As of the Latest Practicable Date, the remaining equity interest in Wuxi Guangdao was held (i) as to 10.58% by Mr. Wang; and (ii) by two domestic employee shareholding platforms, namely Wuxi Haoya Management Consulting Partnership (Limited Partnership) (無錫皓亞管理諮詢合夥企業(有限合夥)) and Wuxi Haozhi as to 5.09% and 1.77%, respectively.
6. As of the Latest Practicable Date, the remaining equity interest in Jiangsu Lead Technology was held (i) as to 10.45% by Mr. Wang; and (ii) by three domestic employee shareholding platforms, namely Wuxi Haolian Management Consulting Partnership (Limited Partnership) (無錫皓聯管理諮詢合夥企業(有限合夥)), Wuxi Haozhi and Wuxi Haoce Management Consulting Partnership (Limited Partnership) (無錫皓策管理諮詢合夥企業(有限合夥)) as to 4.81%, 1.75% and 1.51%, respectively.
7. As of the Latest Practicable Date, the remaining 1.00% equity interest was held by Mr. Wang.
8. Zhuhai Titan also directly holds 100% equity interest in Zhuhai Lead New Power Electronics Co., Ltd (珠海先導新動力電子有限公司).
9. Other three PRC subsidiaries directly held by our Company include (a) Jiangsu Lead Huineng Technology Research Co., Ltd. (江蘇先導匯能技術研究有限公司) (“Jiangsu Lead Huineng”) wholly owned by our Company; (b) Zhuhai Hengqin Lead Intelligent Enterprise Management Co., Ltd. (珠海橫琴先導智能企業管理有限公司) wholly owned by our Company; and (c) Wuxi Lead Advanced Technology Research and Development Partnership (Limited Partnership) (無錫先導先進技術研發合夥企業(有限合夥)) owned by Jiangsu Lead Huineng and Changzhou Haituo Venture Capital Partnership (Limited Partnership) (常州海拓創業投資合夥企業(有限合夥)) (“**Changzhou Haituo**”) as to 51% and 49%, respectively. Changzhou Haituo is held by Changzhou Xianya Venture Capital Partnership (Limited Partnership) (常州先亞創業投資合夥企業(有限合夥)) (“**Changzhou Xianya**”) and Lead Holding Group Co., Ltd. (先導控股集團有限公司) (“**Lead Holding Group**”) as to 90% and 10%, respectively. Changzhou Xianya is in turn held by Ms. Ni and Lead Holding Group as to 90% and 10%, respectively. Lead Holding Group is held by Mr. Wang, Ms. Ni and Mr. Wang Lei (our executive Director) as to 40%, 30% and 30%, respectively.
10. The overseas subsidiaries that directly or indirectly wholly-owned by our Company include (a) Lead Intelligent Equipment (USA) LLC; (b) Lead Intelligent Equipment (Europe) B.V.; (c) Lead Intelligent Equipment (Sweden) AB; (d) Lead Intelligent Equipment (Deutschland) GmbH; (e) Lead Intelligent Equipment Turkey Energy Technologies Trade JSC; (f) Lead Intelligent Equipment (France) SAS; (g) Lead Intelligent Equipment (Hungary) Kft; (h) Jiangsu Lead Technology (Vietnam) Company Limited; (i) Lead Intelligent Equipment Japan Co., Ltd.; (j) Wuxi Lead Intelligent Equipment Co., Ltd. Korea Branch; (k) Lead Intelligent Equipment (Hong Kong) Co., Limited; (l) Lead Intelligent Equipment (Malaysia) Sdn. Bhd.; (m) Lead Intelligent Equipment (Singapore) Holding Trading Pte. Ltd.; (n) Lead Intelligent Equipment Asia Holding Pte. Ltd.; (o) Lead Intelligent Equipment Service (Sweden) AB; (p) Lead Intelligent Equipment (UK) Limited; (q) Lead Intelligent, Sociedad De Responsabilidad Limitada De Capital Variable; and (r) Lead Intelligent Equipment Korea Ltd..

HISTORY AND CORPORATE STRUCTURE

Corporate structure immediately following completion of the [REDACTED]

The following diagram illustrates the simplified corporate and shareholding structure of our Group immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED]:



Notes 1 to 10:

Please refer to the details contained in the sub-section headed “Corporate Structure — Corporate structure immediately before the [REDACTED]” above.

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OVERVIEW

Who We Are

We are an intelligent equipment enterprise offering intelligent equipment and solutions to a range of emerging industries. Our manufacturing equipment and solutions are deployed across diverse applications including the manufacturing of lithium-ion batteries, PV batteries and computer, communication and consumer electronics (3C), intelligent logistics, hydrogen and fuel cell production, automotive production and laser precision processing around the world.

We commenced our operations with the research, development and production of thin-film capacitor equipment. Initially focusing on fully automatic winding machines, we have then developed completely automated production equipment for thin-film capacitor manufacturing. Through this process, we mastered multiple core manufacturing technologies including automatic winding technology, high-speed slitting technology, metallization spraying technology and formation and sorting technology. Since automatic winding technology and high-speed slitting technology also constitute core technologies for lithium-ion battery equipment, we successfully extended these technological competencies to the lithium-ion battery equipment manufacturing and developed an extensive product portfolio. While developing thin-film capacitor and lithium-ion battery equipment, we also leveraged our long-term accumulated capabilities in automation engineering R&D to expand the application scope of our core technologies to intelligent equipment for PV batteries and others.

Differentiating from traditional and regular manufacturing equipment providers, we place great emphasis on digital and intelligent transformation in the entire manufacturing process and developed a comprehensive suite of intelligent software solutions specifically to facilitate such transformation, featuring industrial control AIoT software, data management and deep learning platforms utilizing data-driven algorithms to promote fully automated production processes and optimize manufacturing equipment management and manufacturing efficiency. Our intelligent equipment integrates automated equipment with software capable of data collection, data analysis, data feedback, execution and control functions. Compared with traditional equipment, our intelligent equipment features higher levels of digitization and automation, enabling real-time optimization through embedded software, rather than relying on mechanics or manual intervention.

We have assembled a team of over 3,000 engineers capable of developing industrial control software tailored to various operational environments. This team possesses in-depth knowledge of industrial scenarios and production processes, enabling us to enhance intelligent control and optimization management through targeted software development. Our intelligent equipment embedded with our industrial control software can streamline multiple manufacturing processes, assisting our customer in transforming towards highly-automated and unmanned factories to further reduce their labor cost, improve their manufacturing efficiency and advance their green initiative. For instance, through in-depth integration with data-driven algorithms, digital twin simulations and dynamic scheduling optimization software, we

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developed unmanned intelligent logistics equipment that empowers our customers’ intelligent manufacturing initiatives and facilitates the construction of “unmanned factories” and “smart factories.” We maintain extensive partnerships with leading customers in each of these sectors and have established a dominant market position in the new energy sector. According to Frost & Sullivan, we were the world’s largest lithium-ion battery intelligent equipment provider, accounting for 15.5% of the global market share in terms of revenue in 2024.

Lithium-ion battery

- We were the world’s largest lithium-ion battery intelligent equipment provider in terms of revenue in 2024, accounting for 15.5% and 19.0% of the global and Chinese lithium-ion battery intelligent equipment market share, both of which increased throughout the Track Record Period.
- We possess independent intellectual properties of all key equipment of the lithium-ion battery turnkey solutions. We maintain leading product competitiveness and market share in key equipment. In 2024, each of our winding machines and stacking machines accounted for over 55% of the global market share in 2024 in terms of shipment volume globally. Besides, we are capable of delivering full-tab cylindrical battery intelligent equipment. We delivered the world’s first automotive-grade all-solid-state battery turnkey solution, demonstrating competitive advantages in this cutting-edge technology.

PV

- Our PV module turnkey solution achieved an industry-leading production capacity, with a maximum output of 13,000 cells per hour.
- Our innovative OBB busbar-free stringer technology used in PV module manufacturing represents one of the industry’s first mass-produced high-efficiency solution. This technology offers significant advantages, including reduced silver paste consumption, ultrathin cell thickness and enhanced module power output, thereby contributing to cost reductions and efficiency improvements in PV module manufacturing.
- In 2024, our x back contact (xBC) high-speed string welding machines used in PV module manufacturing achieved a significant global market share in terms of shipment volume among PV intelligent equipment providers.

3C

- We have developed multiple comprehensive solutions that enhance intelligent 3C manufacturing processes. Our innovations utilize visual measurement, automated visual inspection defect detection, five-axis high-speed dispensing and 3D assembly along with advanced 3D algorithms to enable precise and efficient inspection and quality control

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across various 3C manufacturing stages. In fluid control and integrated testing, our proprietary HyFluid and HyTest platforms offer precise solutions for complex industry needs, such as dispensing and device testing.

Intelligent logistics equipment

- In 2024, we were the world’s largest supplier of intelligent logistics equipment in the field of lithium-ion battery manufacturing in terms of revenue, with a market share of 33.5%.

Our technological leadership and market success in the new energy sector are evidenced by numerous awards. We have consistently ranked among China’s top companies for five years running (Hurun Report China 500) and have received prestigious awards recognizing technological innovation (Gao Gong Golden Globe Award for Solid-State Battery Innovation) and leadership in intelligent manufacturing solutions (2023 CBIS Influential Enterprise Award). Furthermore, we have been recognized for our contributions to the advancement of the new energy sector by Fortune Magazine (China’s Top 50 Tech Companies and Future Star of Globalization) and Forbes (China’s 50 Most Innovative Companies). Being bestowed with the China Industry Award Commendation, the nation’s premier industrial accolade, highlights our dedication to innovation and excellence.

We have a long-term focus on international expansion.

We are among the first Chinese new energy intelligent equipment providers to achieve global expansion and among the first Chinese lithium-ion battery equipment providers to establish an R&D sales and service center in Europe. Currently, we have established 19 overseas branches and subsidiaries in 16 countries and regions, committed to building a “global R&D, global delivery, global service” network. According to Frost & Sullivan, our lithium-ion battery intelligent equipment has a 15.5% market share globally in terms of revenue in 2024. Besides, in 2024, we maintained a market share of 10.5% in terms of overseas lithium-ion battery intelligent equipment and lithium-ion battery intelligent logistics equipment revenue.

We have achieved product sales and solution delivery in over 20 countries and regions, including Germany, France, Sweden, UK, Hungary and etc. We have gradually collaborated with leading overseas automotive and battery manufacturers such as Tesla, Volkswagen, BMW, Mercedes, Toyota, LG Energy, SK On, Samsung SDI, Panasonic and ACC, building an extensive global presence and brand influence. Additionally, through strong collaborations with leading domestic customers like CATL, ATL, CALB, EVE Energy, Gotion, AESC, Ampac, Sunwoda, SVOLT and BYD, we have become their global expansion partner.

As a result, our overseas business recorded strong financial performance during the Track Record Period. Our revenue from overseas sales increased from RMB1,195.4 million in 2022 to RMB2,241.6 million in 2023 and further increased to RMB2,831.3 million in 2024, accounting for 8.6%, 13.6% and 24.0% of our total revenue for the respective years. Our revenue from overseas sales remained relatively stable at RMB2,199.8 million in the nine months ended September 30, 2024 and RMB2,015.3 million in the nine months ended

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September 30, 2025, respectively, accounting for 24.3%, and 19.4% of our revenue in the same periods, respectively. In 2022, 2023 and 2024, our gross profit margin from overseas sales was 19.8%, 16.1% and 36.7% in the same years, respectively. In the nine months ended September 30, 2024 and 2025, our gross profit margin was 39.8% and 39.3% in the same periods, respectively.

Our continuous efforts towards global expansion and our established global presence give us an advantage in capturing growth opportunities in the expanding overseas markets. According to Frost & Sullivan, the overseas market size of lithium-ion battery intelligent equipment will grow from RMB21.6 billion in 2024 to RMB61.5 billion in 2029, with a CAGR of 23.3%.

We leverage a scalable reserve of technologies to pursue diverse growth opportunities.

Our platform-based strategy leverages a scalable reserve of technologies to pursue diverse growth opportunities. Building upon core competencies in areas such as high-speed automation, digital controls and precision machining, we are able to achieve efficient deployment of these technologies across multiple sectors. Synergies across R&D, supply chain and service operations continue to enhance our operational resilience and mitigate the cyclical risks inherent in individual market segments. This approach enables us to achieve operational stability and consistent performance.

Beyond our leadership in lithium-ion battery intelligent equipment technology, we have successfully expanded our reach to encompass other key sectors of the new energy market, including PV and hydrogen energy. We have further leveraged the extensive scalability of our technological foundation and the broad reach of the new energy industry to expand our business into diverse fields including 3C intelligent equipment, intelligent logistics equipment, automotive intelligent production lines and laser precision processing.

We continue to lead the industrialization of emerging technologies.

We target industries with intensive technology iterations and offer customers intelligent equipment and innovative process solutions that bridge the gap between laboratory concepts and industrial application. Benefiting from our strong technological capabilities and extensive collaboration with leading downstream customers, we consistently remain at the forefront of and drive the implementation and industrialization of cutting-edge downstream technologies.

- In the field of solid-state batteries, we have successfully consolidated all process stages for mass production. We delivered the world’s first automotive-grade, all-solid-state battery turnkey solution and have been progressively delivering standalone key equipment for solid-state battery production to multiple customers around the world.

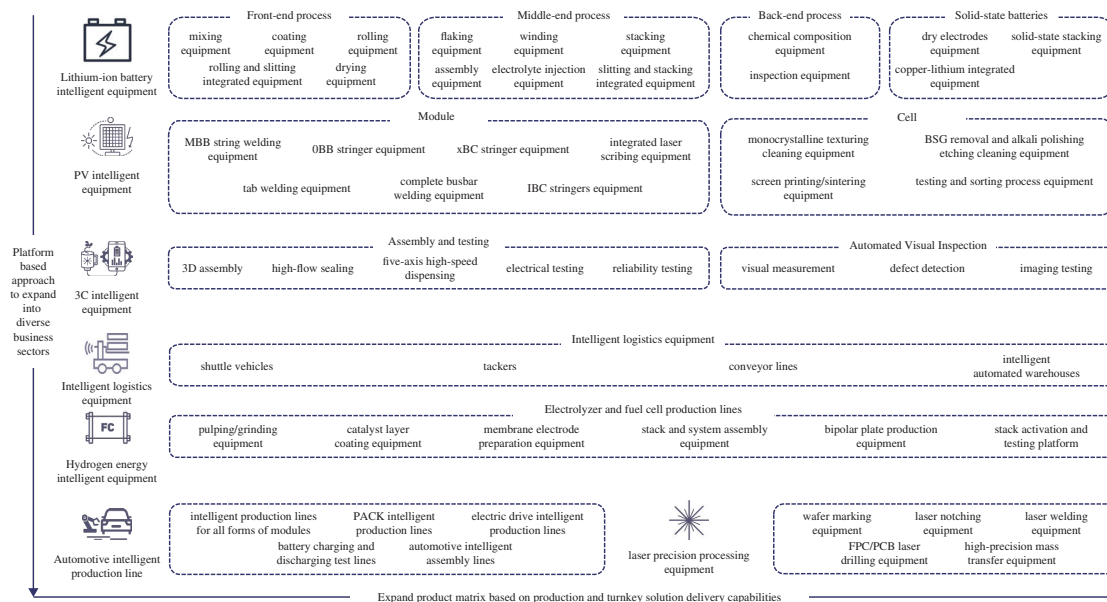
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- In the field of advanced lithium-ion battery manufacturing processes, we have taken the leadership in the industry by introducing several innovative equipment products tailored for new technology routes, such as large cylindrical batteries and all-tab batteries. Our products include all-tab small cylindrical battery winding equipment, 350 PPM all-tab cylindrical battery assembly lines and 150 PPM large cylindrical all-tab battery assembly lines.
- In the field of new PV cell technologies, we have extensively invested in advanced technologies, including TOPCon, HJT, xBC and perovskite. We have delivered various standalone key equipment and turnkey solutions, applying these technologies at the GW-scale.
- In the hydrogen energy sector, we have successfully established end-to-end capabilities in PEM hydrogen production and delivered our independently developed 2000MW PEM electrolyzer stack production line. Our self-developed MEA preparation equipment and fourth-generation MEA R2R assembly line overcomes bottleneck issues in hydrogen production and fuel cell manufacturing through process innovations, effectively accelerating the industrialization of hydrogen energy and fuel cells technologies.

Our positioning in cutting-edge technologies has created new growth opportunities for us from a technological perspective. According to Frost & Sullivan, the industrialization of solid-state batteries will drive the rapid growth of its related intelligent equipment market globally from RMB1.6 billion in 2024 to RMB15.6 billion in 2029, with a CAGR of 58.0%; in the PV field, the global shipment volume of TOPCon, HJT and xBC batteries will grow at a high CAGR of 15.0%, 36.6% and 51.2% respectively, from 2024 to 2029, and correspondingly drive iterative upgrades and new investment of PV intelligent equipment.

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OUR BUSINESS



Lithium-ion battery intelligent equipment

In the lithium-ion battery sector, our products comprehensively cover the front-end, middle-end and back-end processes of lithium-ion battery manufacturing, allowing us to deliver turnkey solutions to our customers. Our offerings address various applications including EV, energy storage and consumer electronics, as well as different technological pathways like lithium iron phosphate and ternary materials and different battery forms such as prismatic, cylindrical, pouch and blade cells. Specifically, our product offerings include mixing, coating, rolling, slitting and flaking equipment in the front-end process; winding, stacking, packaging, electrolyte injection and welding equipment in the middle-end process; and chemical composition and assembly equipment in the back-end process. Additionally, based on breakthroughs throughout the whole process of solid-state battery manufacturing, we can provide customers with key equipment for dry mixing, dry film composite and solid-state stacking.

Our customer base includes leading companies in the global lithium-ion battery sector, including CATL, Tesla, Volkswagen, BMW, Mercedes, Toyota LG Energy, SK On, Samsung SDI, Panasonic, ATL, CALB, EVE Energy, Gotion, AESC, Ampac, Sunwoda, SVOLT, BYD and ACC.

PV intelligent equipment

In the PV sector, we provide our customers with turnkey solutions and standalone equipment for both PV modules and PV cell manufacturing. Our PV module equipment cover functions including MBB string welding, OBB stringer, xBC stringer, integrated laser scribing, tab welding, complete busbar welding and IBC stringers. Our PV cell equipment include cover

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functions including monocrystalline texturing cleaning, BSG removal and alkali polishing etching cleaning, screen printing/sintering and testing and sorting. In addition, based on our forward-looking layout of new PV cell technologies, we have successfully delivered GW-level solutions in the TOPCon, HJT, xBC and perovskite fields.

Our customer base includes leading companies in the PV sector, including Tongwei Solar, LONGi Green Energy, JA Solar, Aiko Solar, Trina Solar, Jinko Solar and CSI Solar.

3C intelligent equipment

We offer our customers a range of 3C intelligent equipment centered around our self-developed automated visual inspection technology, five-axis precision fluid platform and 800V integrated testing platform. Our products cover fields of visual measurement, automated visual inspection defect detection, five-axis high-speed dispensing, high-flow sealing, imaging testing, electrical testing, reliability testing and 3D assembly. These solutions enable us to provide comprehensive solutions for forming, testing and assembling in the intelligent automotive and consumer electronics sectors.

We have become the strategic partner of multiple leading customers in the industry and are committed to continually empowering our customers to transform their intelligent and digital production.

Intelligent logistics equipment

In the intelligent logistic sector, we have the capability to design and provide intelligent logistics equipment for our customers, consisting of shuttle cars, stackers, conveyor lines and intelligent automated warehouses. Through in-depth integration with data-driven algorithms, digital twin simulations and dynamic scheduling optimization software, we developed unmanned intelligent logistics equipment that empowers our customers’ intelligent manufacturing initiatives and facilitates the construction of “unmanned factories” and “smart factories.”

Our intelligent logistics equipment has already gained widespread application in the new energy sector. With accumulated case studies in the demanding production environments of lithium-ion batteries and PV products, our intelligent logistics equipment is designed and made with high stability, precision control and other advanced core capabilities in mind for dynamic scheduling in complex scenarios. They can be migrated and reused in various fields, adequately meeting the needs of a wide range of sectors. We have also started exploring the adoption of our intelligent logistics equipment in the automotive parts manufacturing and chemical industries.

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Other Intelligent Equipment and Solutions

Hydrogen energy intelligent equipment

We are committed to becoming the most influential hydrogen energy equipment enterprise in the world and promoting the industrialization of hydrogen production and fuel cell manufacturing. Through the accumulation of core technologies and breakthroughs in key processes, we can provide our customers with turnkey solutions for fuel cell and electrolyzer used in hydrogen production, including slurry coating, MEA packaging, bipolar plate production, stack assembly, system assembly, test platform and other related high-end equipment.

Automotive intelligent production line

We offer our customers intelligent turnkey solutions for all forms of modules and PACK intelligent production lines, electric drive intelligent production lines, battery charging and discharging test lines, automotive intelligent assembly lines and others.

We have established close collaboration with renowned customers both domestically and internationally in this field, including BMW, Mercedes, Toyota, Volkswagen, SAIC and XPeng. We have delivered numerous highly automated, safe, reliable and stable intelligent production lines to these customers.

Laser precision processing equipment

We provide our customers with advanced laser technology applied in the lithium-ion battery, PV, semiconductor, consumer electronics, display panels, automotive and other industries. Leveraging high-precision CNC systems and advanced laser technology, we provide solutions for laser precision microprocessing, intelligent inspection and comprehensive smart workshop implementations.

OUR STRENGTHS

We are the largest provider of lithium-ion battery intelligent equipment in both global and Chinese markets. Our significant market share enables us to continually capitalize on opportunities in both incremental and established market segments.

Founded in 2002, we have played a pivotal role in the emergence of the new energy industry in China. Over the past decade, we experienced significant growth and have become a recognized provider in the field of new energy intelligent equipment. According to Frost & Sullivan, we held a 2.9% share of the global market by sales revenue in 2024.

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In particular, the lithium-ion battery sector serves as our core business segment. Over the years, we have consistently maintained our competitive advantages in this field. According to Frost & Sullivan, we were the world’s largest lithium-ion battery intelligent equipment provider in terms of revenue in 2024 accounting for 15.5% and 19.0% of the global and Chinese lithium-ion battery intelligent equipment market share in 2024.

- We possess independent intellectual properties of all key equipment of the lithium-ion battery turnkey solutions. Our turnkey solution capabilities comprehensively address battery products across diverse application fields, technological pathways and configurations. This positions us to effectively meet the rapid expansion and market penetration requirements of our downstream customers, aligning with the core demands of overseas customers, particularly emerging battery manufacturers and those in the automotive sector, thereby establishing us as their preferred partner for their production capacity expansion. As of September 30, 2025, we have successfully delivered over 145 turnkey solutions to customers around the world, including prominent projects specifically designed for key overseas customers, such as the 20GWh lithium-ion battery intelligent equipment turnkey solution for Volkswagen’s Salzgitter plant in Germany.
- We also maintain leading product competitiveness and market shares in key equipment. According to Frost & Sullivan, each of our winding machines and stacking machines accounted for over 55% of global market share in 2024 in terms of shipment volume, while our stacking machines achieved competitive advantages in stacking efficiency. In addition, we also lead in introducing numerous innovative special process equipment products in the industry, such as small cylindrical battery winding equipment, 350 PPM cylindrical battery assembly lines and 150 PPM large cylindrical battery assembly lines under the all-tab process, as well as ultrawide coating equipment, rolling and slitting integrated equipment, to maintain excellent product competitiveness.
- We have also established competitive advantages in the solid-state battery sector. We have successfully consolidated all process stages for solid-state battery mass production and delivered the world’s first automotive-grade, all-solid-state battery turnkey solution. We have also successfully delivered a variety of solid-state battery standalone key equipment across front, middle and back-end processes to leading battery manufacturers, renowned automotive manufacturers and emerging battery manufacturers in regions including Europe, North America and Northeast Asia. These products have received recognition from our customers and have led to a stream of repeat orders.

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According to Frost & Sullivan, driven by growth in industry demand, the expansion of new application scenarios for lithium-ion batteries and new capacity requirements resulting from intensive battery technology iterations, the global market size for lithium-ion battery intelligent equipment is expected to grow from RMB49.8 billion in 2024 to RMB137.2 billion in 2029, with a CAGR of 22.5%. Our established competitive position in the industry enables us to continue benefiting from the incremental market opportunities while maintaining a high market share.

The continual demand for the replacement of existing equipment constitutes another noteworthy market opportunity. The iteration of equipment driven by technological and process improvements, regular equipment updates and the replacement of aging equipment, will continually stimulate investment in equipment by downstream manufacturing companies. For example, according to Frost & Sullivan, the global market size for lithium-ion battery intelligent equipment driven by the renovation and upgrading of existing equipment reached RMB18.3 billion in 2024. As the equipment previously purchased by downstream customers enters the iteration cycle in the following years gradually, the market size is expected to continue to grow, reaching RMB51.2 billion by 2029, with a CAGR of 22.9%. This growth will serve as a crucial supporting factor in the future demand for lithium-ion battery intelligent equipment. Leveraging our outstanding market performance over the years, our equipment products are extensively utilized in the production lines of global new energy manufacturers, resulting in a substantial share of existing equipment in the market. Consequently, we are strategically positioned to capitalize on the market opportunities presented by the upgrade and refurbishment of the existing equipment.

Our predominant international presence strategically positions us to capitalize on growth opportunities in overseas markets that exhibit substantial potential for expansion.

We are among the first Chinese new energy intelligent equipment providers to achieve global expansion and among the first Chinese lithium-ion battery equipment providers to establish a technology center in Europe. Committed to building a “global R&D, global delivery, global service” network, we have established 19 overseas branches and subsidiaries in 16 countries and regions, covering the overseas market. According to Frost & Sullivan, in 2024, we maintained a market share of 10.5% in terms of overseas lithium-ion battery intelligent equipment and lithium-ion battery intelligent logistics equipment revenue.

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Years of dedication in overseas markets have enabled us to achieve product sales and solution deliveries in over 20 countries and regions, including Germany, France, Sweden, UK, Hungary and etc., and obtain various stringent standards certifications specific to different regions, such as UL certification in the US and CE certification in the EU. As a result, we have established a significant global presence and accumulated considerable brand influence through international product sales. We are concurrently focused on accumulating high-quality overseas customers and maintaining close collaborations with leading international companies. Below are some milestone collaboration events:

Year	Milestone event
2021 . . .	<i>We signed a cooperation agreement with BMW to provide a turnkey solution for PACK intelligent production line for new energy vehicles.</i>
2022 . . .	<i>We signed a cooperation agreement with Volkswagen to provide 20GWh lithium-ion battery equipment solutions for its Salzgitter plant. Our products account for more than 65% of that plant’s equipment, and we will become the core supplier of Volkswagen’s 240GWh Super Plant by 2030.</i>
	<i>We signed a strategic cooperation agreement with ACC to provide lithium-ion battery equipment and solutions for its 14 GWh battery factory.</i>
2023 . . .	<i>We signed a global strategic cooperation framework agreement with Siemens.</i>
2024 . . .	<i>We delivered solid-state dry electrodes coating equipment featuring our proprietary thermostatic system to a leading battery manufacturer in Northeast Asia.</i>
	<i>We reached an agreement with Ford, supplying key lithium-ion battery intelligent equipment for their first EV battery factory in North America.</i>

See “— Sales and Marketing and Customers — Our Customers” for the salient terms of our strategic cooperation agreements with our customers. Simultaneously, in line with the internationalization trend of Chinese new energy stakeholders, our strong integration with leading domestic customers places us as their partner for overseas ventures, further reinforcing our competitive advantages in international markets. For instance, we provided one customer with a comprehensive suite of products and solutions for its facilities in North America and Southeast Asia, including roll pressing and slitting equipment, stacking solutions, large and small cylindrical battery assembly lines and formation and capacity testing. Additionally, we supply various customers with intelligent equipment for their prismatic and large cylindrical battery production lines in the United Kingdom and France.

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Our overseas business recorded strong financial performance during the Track Record Period. Our revenue from overseas sales increased from RMB1,195.4 million in 2022 to RMB2,241.6 million in 2023 and further increased to RMB2,831.3 million in 2024, accounting for 8.6%, 13.6% and 24.0% of our total revenue for the respective years. Our revenue from overseas sales remained relatively stable at RMB2,199.8 million in the nine months ended September 30, 2024 and RMB2,015.3 million in the nine months ended September 30, 2025, respectively, accounting for 24.3%, and 19.4% of our total revenue in the same periods, respectively. In 2022, 2023 and 2024, our gross profit margin from overseas sales was 19.8%, 16.1% and 36.7% in the same years, respectively. In the nine months ended September 30, 2024 and 2025, our gross profit margin from overseas sales was 39.8% and 39.3% in the same periods, respectively. As overseas revenue and the proportion of orders grow, we anticipate further improvements in our overall gross profit margin.

The overseas market is projected to be a more stable growth opportunity in the future. According to Frost & Sullivan, the market size for overseas lithium-ion battery intelligent equipment will expand from RMB21.6 billion in 2024 to RMB61.5 billion in 2029, representing a CAGR of 23.3%. Our efforts towards global expansion and our established global presence will allow us to maintain competitive advantages in seizing overseas market opportunities and fully capitalize on its growing market space.

Our development strategy across sectors empowers us to capture growth opportunities across multiple industries while effectively mitigating the risks associated with cyclical fluctuations in any single sector.

Our diversified, platform-based strategy leverages a scalable reserve of technologies to pursue diverse growth opportunities across multiple industries. We have successfully established a solid technological foundation based on our accumulated transferable and replicable underlying technological core competencies, along with our synergistic strengths in R&D, supply chain management and service delivery.

- Since our establishment, we have focused on the field of intelligent equipment and accumulated substantial technological advantages in the foundational areas, including high-speed automation, digital control and precision processing. These technological advantages are transferable across industries. For example, the coating, lamination, winding and other technologies employed in lithium-ion battery intelligent equipment share commonalities with the high-precision transmission, lamination and welding core technologies required in PV and 3C intelligent equipment. This inherent interconnectivity enables us to efficiently address the technological bottlenecks in intelligent equipment across different industries effectively.

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- We have established synergistic advantages across multiple business areas in R&D, supply chain and service delivery. At the R&D level, we facilitate comprehensive sharing of foundational, advanced and common technologies, implementing an optimized allocation mechanism for technological resources across various sectors to ensure seamless technology transfer. Additionally, we have developed a robust supply chain management framework that enables coordinated resource allocation throughout all phases, including planning, procurement, production, quality management and installation and commissioning, thus ensuring low-cost and highly efficient product delivery across all business areas. Moreover, we have further standardized our service approach and execution capabilities, establishing and sharing standardized service resources to enhance the service experience for customers across different industries.

Leveraging these advantages, we prioritize the lithium-ion battery sector as our core focus while expanding our business to encompass the PV and hydrogen energy sectors. This strategic approach enables us to achieve comprehensive coverage of the mainstream sectors within the new energy industry, allowing us to fully benefit from the structural growth opportunities presented by the new energy industry.

Furthermore, through the strong scalability provided by our platform-based strategy and the extensive reach of the new energy industry, we have been replicating our technological capabilities and experience across other sectors. We expanded our business footprint into diverse fields, including 3C intelligent equipment, intelligent logistics equipment, automotive intelligent production lines and laser precision processing.

This development strategy allows us to consistently identify and capitalize on growth opportunities across multiple industries, thereby benefiting from a variety of growth trajectories and enhance our capacity to mitigate the risks associated with cyclical fluctuations in individual industries.

We hold industry-leading technological R&D and non-standard customization capabilities and have forged strong partnerships with major customers, enabling us to maintain a prominent position in the industrialization of advanced technologies.

Our advanced technological capabilities and strong R&D capacity are fundamental to our market leadership. Over more than two decades of operation we have consistently focused on the sector of intelligent equipment, committing ourselves to the meticulous enhancement of our products. Through ongoing technological innovation, we have successfully accumulated and mastered core foundational technologies across various dimensions, including automation, intelligence, digitalization, software integration and precision processing. As of September 30, 2025, we have secured 3,336 registered patents including 533 invention patents, 2,703 utility model patents and 100 design patents in China. Additionally, we also owned 306 software copyrights in China as of September 30, 2025. These proprietary technologies serve as critical safeguards for our sustained competitive edge in advanced manufacturing innovation.

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We simultaneously leverage our robust and sustained R&D capabilities to ensure our technological leadership. On a global scale, we have established a comprehensive and competitive R&D platform, which includes our headquarters in Wuxi, as well as research and technology centers in Shanghai, Zhuhai, Europe and the United States. Additionally, we have set up multiple national-level CNAS standard laboratories and provincial-level technology centers, creating a verification standard platform for new products and processes across our major business categories. We maintained substantial investment in R&D; during the Track Record Period this reached RMB5.9 billion, accounting for 11.3% of total revenue. We also continually expand the size and strength of our R&D team. As of September 30, 2025, the proportion of R&D personnel among our total workforce was around 27.1%.

Our non-standard customization capability, beyond standardized manufacturing processes, is a reflection of our technical strength and R&D prowess. During the Track Record Period, almost all the manufacturing equipment and solutions we offer were uniquely developed, tailored specifically to meet individual customer requirements and process characteristics. Apart from our extensive and profound technical accumulation in the field of intelligent equipment, this capability is sustained by our large and experienced team of R&D employees. They possess a deep understanding and mastery of core processes and know-how in diverse fields such as lithium-ion batteries, PV, 3C intelligent logistics, hydrogen energy and automotive manufacturing. This enables them to precisely understand and swiftly respond to customer needs throughout the entire process, efficiently addressing customer pain points with targeted solutions. Additionally, we focus our R&D efforts on meeting customer needs by adopting a modular R&D approach and building a flexible, complete R&D platform. Coupled with our independently developed digital end-to-end R&D platform, we can develop customized products and solutions with high efficiency and accuracy. We have also established a flexible supply chain and quality management framework to ensure the high-quality, efficient delivery of our non-standard customized products and solutions.

This focus has enabled us to establish and sustain a leading market position. Capitalizing on our non-standard customization capability, we are able to maintain a customer-centric approach, consistently delivering high quality products and services, we have gradually established long-term, deep and strategic cooperation with leading customers across various sectors. Our customer portfolio encompasses several market-leading and high-quality core customers in those industries today.

Our deep integration with leading customers provides a stable and reliable order source, enabling us to mitigate the negative impacts of cyclical fluctuations in the industry. For instance, while overall capital investment in the lithium-ion battery sector has recently slowed due to shifts in supply and demand, major manufacturers including CATL, BYD, CALB, Gotion and EVE Energy continue to expand aggressively, driven by their strong profitability and high-capacity utilization rates. Our close collaborations with these customers allow us to benefit from their robust demand, leading to incremental order realization. Furthermore, our alignment with these industry leaders enhances our competitive advantage in the industrialization of advanced technologies. This synchronicity between the development of new technologies and process equipment enables us to actively engage in customers' early

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development stages, leveraging our combined expertise to co-develop solutions that advance and apply new technologies. As a result, we remain at the forefront of industry advances, allowing us to proactively establish a presence in emerging sectors while achieving scalable product deliveries that unlock new growth opportunities.

We have one of the most sustainable development models and been focusing on the importance of fulfilling social responsibility.

We are dedicated to intelligent manufacturing innovation with the objective of facilitating the green transformation of the value chain. Through our innovative products, we assist customers with reducing pollution, energy consumption and carbon emissions, thereby achieving energy efficiency throughout the entire process. Concurrently, we actively collaborate with industry stakeholders to advance the global electrification agenda, exploring initiatives in low-carbon PV production, green hydrogen commercialization and energy storage optimization, while emphasizing the role of clean energy in promoting social sustainable development.

We adhere steadfastly to the principles of “clean production and green development,” integrating sustainable practices and the principle of minimizing carbon footprints into our daily operations. Our ESG Management Committee has been established to develop a comprehensive, department-supported sustainable development framework that fosters our enduring growth and reinforces our commitment to social responsibility. We implement a top-down governance structure for climate action to enhance the quality of carbon emission management and disclosure, drive operational emissions reductions and promote the digitization, efficiency, electrification and cleanliness of our energy consumption. Investments in intelligent energy-saving monitoring systems enable us to progressively reduce energy consumption per unit. Additionally, we maintain strict controls on wastewater and exhaust emissions, engage qualified contractors for the recycling and safe disposal of solid waste and employ effective noise reduction measures. We pledged to reach peak carbon emissions by the end of 2030, with aspirations to achieve carbon neutrality by the end of 2035 at our core operational level, thereby fully honoring our environmental responsibilities.

Moreover, we actively participate in social responsibility initiatives, guided by the principles of “integrity, harmony and green development,” focusing on support for various social welfare efforts. In January 2024, we passed the review by the United Nations Global Compact (“**UNGC**”) and became a member UNGC, committing to support the ten principles related to human rights, labor, environment protection and anti-corruption, further promoting our sustainable development objective. In February 2025, following deliberations with the Wuxi Xinwu District Charity Federation, we resolved to donate RMB30 million to establish the Lead Welfare Fund. This fund is intended to support initiatives in research, education, rural revitalization and environmental sustainability. Through these endeavors, we not only set a benchmark for green development within the industry but also consistently advance the dual objectives of sustainable development and corporate social responsibility.

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We are distinguished by an experienced management team and a sustainable talent incentive system.

Our management team has consistently exhibited exceptional strategic vision and decision-making capabilities throughout our evolution, fostering sustained growth and establishing our leadership position within the industry. Our Chairman, Mr. Wang Yanqing, brings over 20 years of professional experience, characterized by a wealth of successful endeavors and unique insights in strategic formulation and critical decision making. At pivotal junctures in our development, his acute perspective has been instrumental in advancing our development approach and international expansion, thereby solidifying our advantageous market position.

The other members of our executive team also hail from the industrial sector and possess extensive front-line operational experience. Our management team has a profound understanding of industry trends, particularly in the realms of sustainable development, environmental protection and corporate social responsibility, positioning them as key drivers of innovation and breakthroughs in these essential areas. Leveraging these strengths, we have achieved a competitive advantage in the new energy industry and are continually consolidating and expanding our market share.

Simultaneously, we have instituted a sustainable talent incentive system and enhanced the stability and execution capabilities of our core management team through a streamlined and digitalized management structure. As a global enterprise, we prioritize attracting and cultivating a global workforce by providing career development support, which includes skill enhancement training, opportunities for international exchange and collaboration, as well as overseas assignments. Our comprehensive and flexible compensation and benefits policies further reinforce this approach. As a result, we have received accolades such as the “2021 China Annual Most Promising Employer,” “2024 China Top 100 Employers,” and the “2024 LinkedIn Globalization Employer Newcomer Award,” underscoring our commitment to the mission of “advancing employee welfare.” These initiatives not only fortify our talent foundation for global operations and dynamic growth but also ensure we maintain a leading position in an increasingly competitive market.

OUR STRATEGIES

We will accelerate our internationalization efforts, continue to build our global operating capabilities and maintain a competitive advantage in the exploration of overseas markets.

We plan to initially develop the infrastructure in key overseas market regions to establish a global capability for “global sales, global delivery and global service.” We plan to allocate a portion of the Proceeds of this Offering to expand our R&D, sales and service network in Europe, Asia Pacific and North America regions, thereby improving our market presence globally. See “Future Plans and Use of Proceeds” for further details. We will also prioritize the

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recruitment and training of talent in international markets, as well as the development of a robust local service network. We believe that a skilled workforce tailored to the needs of overseas markets will significantly expedite our internationalization process.

In parallel, we will capitalize on our strong relationships with leading customers to closely monitor their global expansion plan and continuously provide comprehensive, end-to-end rapid response services to provide effective support through our global capabilities. We aim to align with the overseas expansion strategies of prominent domestic lithium-ion battery and PV companies to further enhance our share of international orders. Furthermore, we will leverage our strengths in our global R&D, as well as sales and after-sales support systems, to provide optimal capacity expansion solutions to overseas customers. This approach is intended to facilitate engagement with more high-quality international customers and secure additional orders.

We will actively expand our presence in emerging markets overseas by exploring new growth opportunities and identifying substantial growth potential.

We are dedicated to cultivating a more diversified growth trajectory.

We will leverage our synergistic advantages across diverse business segments to comprehensively enhance the profitability of each business segment. To accomplish this objective, we will initially focus on the replication and application of our advanced technical solutions and process expertise across different business areas, thereby elevating the overall capabilities and solution delivery for each business segment. Additionally, we will continue to reinforce our platform-based initiatives in R&D, supply chain management and service delivery, optimizing the allocation of internal resources to facilitate cost-effective and large-scale production across all business units. Concurrently, we will actively promote the integration and sharing of high-quality customer to fully harness the growth potential of each business segment.

We will continually explore and assess the needs of potential customers while closely monitoring product portfolios and business areas with high growth potential. By leveraging the scalability of our platform-based framework, we aim to expand into sectors with which we have not yet engaged.

We will enhance our R&D capabilities on a global scale to maintain our technological leadership, continually leading the exploration and industrialization of advanced technologies.

We will increase our R&D investments on a global scale to continually enhance our R&D framework tailored for international markets. Additionally, we intend to establish our R&D infrastructure in key overseas markets, including North America and Southeast Asia, to create a cohesive global R&D system alongside our headquarters in Wuxi and Europe.

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Leveraging our technological leadership, we will continue to deepen our collaboration with leading downstream customers. Our strategy includes establishing close collaborations with additional high-quality customers across various sectors by providing competitive products and solutions, and comprehensive services, while simultaneously strengthening our relationships with existing key customers to ensure a more stable and sustainable order flow.

Leveraging our existing relations with key customers, we will continue to engage in the early-stage R&D activities of our customers, enabling the co-development of key technologies. The collaborative approach described below will help us sustain our leadership position in accessing and exploring advanced technologies while consistently driving breakthroughs in the industrialization of innovative solutions:

- We intend to prioritize the solid-state battery field. Leveraging our technological expertise, the strategic advantages gained from partnerships with leading customers, and our capability to implement process solutions to drive breakthroughs in critical technological bottlenecks during the industrialization process. This will enable us to capitalize on the commercial opportunities arising from these advances. Simultaneously, we will extend our focus to emerging technologies such as composite electrolytes and sodium-ion batteries, employing a forward-looking approach to lead advances in industrialization and fully capture the new market potential presented by these cutting-edge battery technologies.
- We intend to continue deepening our leadership in the field of xBC technologies. Through innovative process solutions and the empowerment of intelligent manufacturing, we will continually optimize the production capacity efficiency and precision control in the manufacturing of BC cells and modules, thereby reducing the cost per kilowatt-hour. We will also maintain our focus on the perovskite technology by developing and providing more groundbreaking process technologies and intelligent manufacturing solutions, thereby leading the industrialization of perovskite technology.
- We plan to further capitalize on the growth trends in the hydrogen energy sector by actively allocating resources and providing innovative process solutions and equipment support for green hydrogen production, fuel cell manufacturing and battery testing, so as to facilitate the large-scale manufacturing and commercial adoption of hydrogen energy.

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We will continue to focus on our business digital transformation, improving operation, manufacturing and R&D management capabilities to optimize costs while ensuring quality.

We aim to achieve business growth through data-driven innovations in enhancing manufacturing quality and efficiency. We will further integrate advanced technologies into our daily operations to manage R&D, procurement, production, sales and financial operations through our information technology platform, establishing a comprehensive digital platform based on information management software and a lean operational system that is tailored to the non-standard equipment industry, covering the entire value chain as following:

- In the R&D, we will further upgrade our digital R&D platform (Dassault 3DE/Catia), to integrate design, simulation and manufacturing processes in facilitating cross-team collaboration, electromechanical integration, and product life cycle management. This will enhance the efficiency and effectiveness of R&D while reducing the impact of human errors and effectively boosting R&D efficiency.
- In operation management, we will further promote centralized management of customer data and interaction processes in gaining a comprehensive view of customer preferences, behaviors, and feedback in creating more personalized and effective sales strategies, as tailored approaches can better meet the specific needs of different customer segments. We will further enhance our supply chain integration platform (SRM/APS) in achieving dynamic optimization of resource allocation and schedule planning and enhancing supply chain agility, cost control and delivery reliability.
- In the production, we will continuously refine our quality control system tailored to the non-standard equipment industry based on Total Quality Management (TQM) and Lean Continuous Process Improvement (LCPA). We will also restructure our MES to achieve transparency in the production process.

We are committed to implementing a sustainable development strategy that integrates the principle of minimizing carbon footprints throughout the entire product life cycle.

We are firmly committed to integrating the principle of minimizing carbon footprints throughout the entire product life cycle. By evaluating our objectives to minimize carbon footprints from the perspective of the product life cycle, we will explore and optimize energy-saving and consumption-reducing measures across design, production and logistics with the aim of achieving greener energy usage. Additionally, we will advance the development of digital and intelligent factories while establishing green supply chain standards to effectively leverage technological solutions for managing manufacturing emissions, thus ensuring thorough control of the carbon footprint at every stage.

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We will continue to offer sustainable intelligent manufacturing solutions to our global customers, supporting them in achieving their sustainability goals. We will also deepen collaboration with more upstream and downstream partners along the industrial chain, utilizing our intelligent manufacturing capabilities to drive industry upgrades and facilitate the global energy transition, ultimately aspiring to create a greener and more sustainable energy system.

OUR PRINCIPAL PRODUCTS AND SOLUTIONS

Overview

We design and supply advanced intelligent equipment to address our customers’ customized manufacturing needs. We offer products solutions along a continuum ranging from standalone equipment to turnkey solutions across our business segments, including lithium-ion battery intelligent equipment, PV intelligent equipment, 3C intelligent equipment, intelligent logistics equipment and others. Differentiating from traditional and regular manufacturing equipment providers, we place great emphasis on digital and intelligent transformation in the entire manufacturing process and developed a comprehensive suite of intelligent software solutions specifically to facilitate such transformation, featuring industrial control AIoT software, data management and deep learning platforms utilizing data-driven algorithms to promote fully automated production processes and optimize manufacturing equipment management and manufacturing efficiency. Our profound expertise in industrial control software technology and development enables us to continuously optimizing our equipment performance. Leveraging our accumulated transferable and replicable technological advantages, as well as synergies in R&D, supply chain and service sectors, we have developed a diversified platform for developing various products across a range of manufacturing industries.

We are among the first Chinese new energy intelligent equipment providers to achieve global expansion and among the first Chinese lithium-ion battery intelligent equipment providers to establish a R&D, sales and service center in Europe. Our products and solutions have been delivered and sold in over 20 countries and regions, including Germany, France, Sweden, UK, Hungary and etc.

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The following table sets out a breakdown of our revenue by principal business segments, with each expressed as a percentage of total revenue from our principal businesses for the years/periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>										
<i>(Unaudited)</i>										
Lithium-ion battery										
equipment	9,944	71.8	12,642	76.8	7,689	65.3	6,268	69.5	6,949	66.8
PV intelligent equipment . . .	463	3.3	1,028	6.2	867	7.4	564	6.2	965	9.3
3C intelligent equipment . . .	606	4.4	698	4.2	689	5.9	373	4.1	135	1.3
Intelligent logistics										
equipment	1,695	12.3	1,431	8.7	1,867	15.8	1,504	16.6	921	8.9
Others ⁽¹⁾	1,128	8.2	684	4.1	661	5.6	329	3.6	1,418	13.7
Total	13,836	100.0	16,483	100.0	11,773	100.0	9,038	100.0	10,388	100.0

Note:

- (1) Other business includes hydrogen energy equipment, automotive intelligent production line, laser precision processing equipment and other products and services.

Lithium-Ion Battery Intelligent Equipment

Overview

We, with a market share of 19.0% in China and 15.5% globally in terms of revenue in 2024, are the world’s largest lithium-ion battery intelligent equipment provider, according to Frost & Sullivan. We are a lithium-ion battery turnkey solution provider with fully independent intellectual property rights encompassing all key manufacturing equipment, delivering over 145 turnkey solutions globally as of September 30, 2025. Additionally, we delivered the world’s first automotive-grade all-solid-state turnkey solution, gaining competitive advantages in advanced technology. During the Track Record Period, we supplied a full range of lithium-ion battery intelligent equipment to globally well-known automotive manufacturers and lithium-ion battery companies, including CATL, Tesla, Volkswagen, BMW, Mercedes, Toyota, Ford, LG Energy, SK On, Panasonic, ATL, CALB, EVE Energy, Gotion, AESC, Sunwoda, SVOLT, BYD, ACC and Ampac.

We possess core technologies for producing various types of EV, energy storage and 3C lithium-ion battery cells, including a full line of standalone equipment and turnkey solutions for processes such as pulping, coating, calendaring, die-cutting, winding and stacking, assembling, as well as formation and testing. Our key equipment also hold industry-leading

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competitiveness and market shares. In 2024, each of our winding machines and stacking machines accounted for over 55% of global market share in terms of shipment volume. Besides intelligent equipment, we also provide turnkey solutions, featuring our intelligent equipment, to various customers around the world, serving the entire life cycle of lithium-ion battery production. Combined with our MES, our lithium-ion battery intelligent equipment can assist lithium-ion battery manufacturers in improving their production efficiency, level of automation and product quality while lowering their cost of production and preventing equipment defaults. Among the honorary commendations given by many of our customers, we have won, among others, the “2022 Excellent Supplier Award” and the “2024 Quality Excellence Award” from CATL, the “2022 Excellent Supplier Award” and the “2023 and 2024 Quality Excellence Award” from EVE Energy and the “2023 and 2024 Excellence Innovation Award” from Gotion in recognition of the premium quality of our products and solutions.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the revenue from our lithium-ion battery intelligent equipment segment was RMB9,944.4 million, RMB12,641.8 million, RMB7,688.5 million, RMB6,268.4 million and RMB6,949.0 million, respectively, which accounted for 71.8%, 76.8%, 65.3%, 69.5% and 66.8% of total revenue from our principal businesses, respectively.

Product and Solution Offerings

We provide intelligent equipment and turnkey solutions covering various battery types such as prismatic batteries, cylindrical batteries, pouch batteries, blade batteries and solid-state batteries. The manufactured batteries are primarily used in EVs, with secondary applications in energy storage, 3C electronics, and other fields. Our lithium-ion battery intelligent equipment can be divided based on their application in the front-, middle- and back-end of the manufacturing processes of lithium-ion batteries.

The following are brief descriptions of the manufacturing processes of lithium-ion batteries and the respective intelligent equipment we offer.

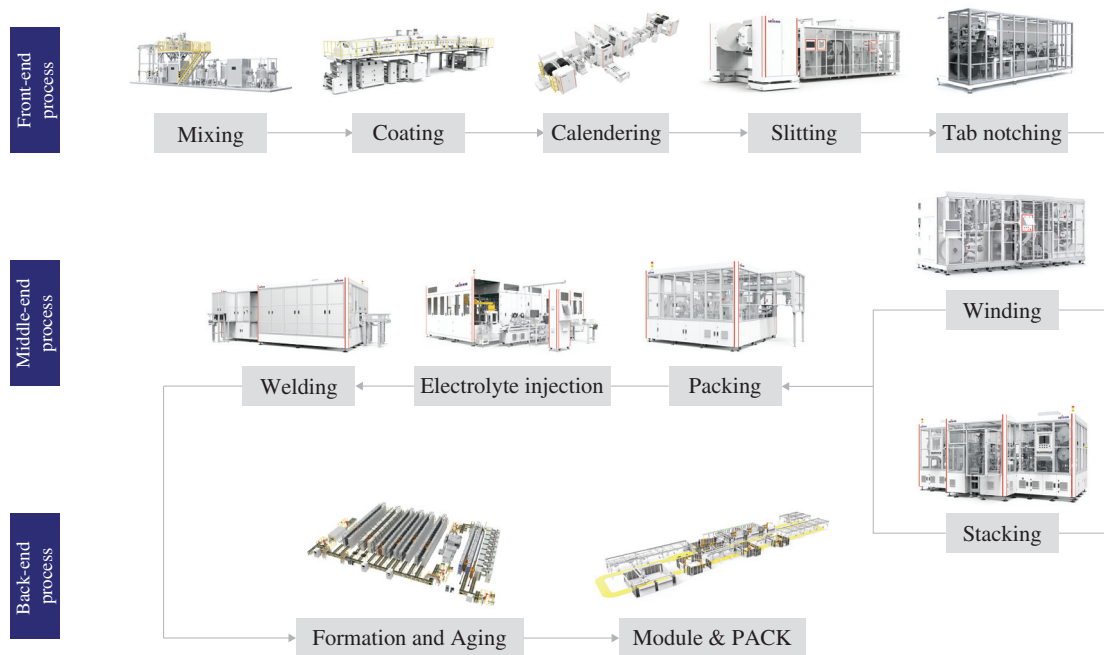
Front-end: This mainly includes manufacturing cathode and anode materials/membranes and electrode sheets. The equipment we offer for the front-end of the manufacturing process mainly includes slurry mixing equipment, coating equipment, rolling equipment, electrode sheet slitting equipment and electrode sheet die-cutting equipment. We also provide dry and wet electrode preparation equipment for the next generation of solid-state and other new batteries, including dry film composite coating equipment, wet electrode equipment, shear mixing equipment, lithium metal copper-lithium membrane double-sided composite and hot melt composite equipment, solid electrolyte membrane preparation equipment, including electrolyte slurry coating and electrolyte membrane coating transfer equipment and equipment for other key processes.

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Middle-end: This mainly includes the assembly of lithium-ion battery cells. The equipment we offer for the middle-end of the manufacturing process mainly includes various types of winding equipment, slitting and stacking equipment and cylindrical/prismatic/pouch/blade assembly lines equipment. We have also developed new process equipment, such as integrated slitting and stacking equipment, solid-state battery assembly line equipment, industrial CT and other new electrode sheet and cell inspection equipment for next-generation solid-state and other new batteries.

Back-end: This mainly includes the formation, aging and testing processes of manufacturing the lithium-ion batteries. The equipment we offer for the back-end of the manufacturing process mainly includes formation equipment, aging equipment and test assembly equipment.

The chart below sets out some of our lithium-ion battery intelligent equipment:



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The following table sets out certain features of our major lithium-ion battery intelligent equipment and turnkey solutions:

Products and Solutions	Key Features	Application Scenario
Lithium-ion battery intelligent turnkey solution	The lithium-ion battery intelligent manufacturing production line solutions cover the manufacturing of prismatic, cylindrical, pouch and blade lithium-ion batteries, which are commonly used in EVs, 3C digital products and energy storage products. They encompass the entire manufacturing process, including battery cell manufacturing, battery assembly, battery testing, module and PACK assembly and intelligent logistics equipment. The all-solid-state turnkey solution optimizes the manufacturing process for all-solid-state batteries, encompassing essential equipment for the preparation of all-solid-state electrodes, electrolyte membrane fabrication, composite machinery, bare cell assembly, densification apparatus and high-pressure formation and aging units. By employing advanced techniques such as dry electrodes and integrated design, it is designed to reduce procedural steps compared to traditional methods, thereby enhancing efficiency, ensuring high-quality output and decreasing labor and investment costs.	Front-, middle- and back-end processes
All-solid-state turnkey solution	The composite current collector intelligent manufacturing solution integrates the method of “magnetron sputtering and water electroplating” to improve foil production, maximize raw material use and enhance equipment performance.	Front-end process

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Products and Solutions	Key Features	Application Scenario
Z-shaped slitting and stacking machine	The Z-shaped slitting and stacking machine integrates advanced mechanical and structural innovations to greatly reduce production time and ensure exceptional accuracy. It is designed to achieve a battery offline auxiliary time of five seconds and maintains overall battery alignment precision within ±0.2 mm for “Z” type stacks, with an operating efficiency at 0.116s per piece at the chip limit, the machine also utilizes digital intelligent monitoring techniques, enhancing the overall yield rate and utilization rate.	Middle-end process
Large-width extrusion coating machine	The large width-extrusion coating machine features advanced coating technology that exceeds industry standards for precision and operational stability. It maintains surface density fluctuations within ±1.0% and incorporates an intelligent management system that boosts operational stability, ensuring a high yield rate. This innovative design increases production efficiency compared to traditional width coating machines.	Front-end process

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Case Study — Customer X

Background

Under the influence of global trends of carbon neutrality and electrification and energy transition, a well-known luxury automotive manufacturer based in Germany (“**Customer X**”) made a €6 billion investment plan in the development of pure electric and hybrid vehicles as well as battery technology between 2018 and 2022, adhering to its commitment to achieve full electrification by 2030. In the latter half of 2023, it decided to adopt all-tab cylindrical battery technology as the main EV battery technological pathway for its future luxury EV models. The manufacturing of all-tab cylindrical batteries involves navigating several key challenges, including the complexity of design requiring precise tab alignment, effective heat management and meticulous handling of diverse materials to prevent contamination. Striking a balance between cost-effective production and stringent performance standards is crucial, as is ensuring consistent quality control across all cells. Additionally, developing scalable manufacturing processes to meet growing demand without sacrificing quality and integrating the all-tab design into existing frameworks require innovative adjustments to equipment and processes.

Solution

In November 2024, we delivered Europe’s first all-tab cylindrical battery production line to Customer X. Our advanced production line incorporates numerous process innovations, including the following: (i) a magnetic levitation conveyor line, designed for rapid transportation and precise positioning, effectively addresses dust issues caused by friction during transit; (ii) cell sealing detection technology, utilizing a mass spectrometer to directly identify organic gases from defective cells, ensures superior detection performance and reduces operating costs and (iii) laser cleaning in the all-tab cell process reduces welding defect rates.

Additionally, our high-speed detection system, powered by automated visual inspection, ensures real-time, comprehensive inspection of battery cells during production, effectively identifying potential risks such as tab overhang, tab folding and process burrs. Our battery cup structure combined with RFID code reading technology ensures full-process traceability for individual battery cells in order to achieve a code reading NG rate of less than 0.005%, a reduction of over 50% compared to conventional solutions. These innovative technologies not only address the technical complexities of manufacturing all-tab cylindrical battery cells but also enable scalable and cost-efficient production, enhancing Customer X’s manufacturing efficiency and quality control.

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PV Intelligent Equipment

Overview

Since 2009, we have been dedicated to the R&D of innovative processes and equipment for PV modules and cells manufacturing for over a decade and mastered core technologies in areas such as PV module stringers, xBC stringers and comprehensive PV cell production equipment, including wet process main equipment and screen printing/sintering machines. We have established strong collaborations with prominent enterprises in the PV industry. In 2024, we secured a substantial number of GW-level orders in PV module intelligent equipment and PV cell turnkey solutions.

Our OBB stringers represent one of the industry’s first high-efficiency OBB stringer for mass production according to Frost & Sullivan, demonstrating our technological advancements. In the domain of PV cell technology, we developed the industry’s premier GW-level TOPCon digital solution, leading the sector with a high conversion efficiency exceeding 26.5% for the entire production line. Additionally, we are extensively involved in providing PV cell turnkey solutions for TOPCon, HJT, xBC and perovskite technologies, consistently advancing next-generation technological pathways. We have made substantial investments and have successfully achieved GW-level turnkey solutions or standalone key equipment deliveries in these areas. According to Frost & Sullivan, our xBC high-speed stringer shipment volume ranks first among global PV intelligent equipment providers. As the leading provider in the industry, we promote the advancement of xBC battery process technology.

Moreover, we have been strategically, promoting integrated PV and energy storage system platforms, as well as integrated PV, hydrogen and energy storage system platforms.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the revenue from our PV intelligent equipment segment was RMB463.5 million, RMB1,028.3 million, RMB867.0 million, RMB564.4 million and RMB964.3 million, respectively, which accounted for 3.3%, 6.2%, 7.4%, 6.2% and 9.3% of total revenue from our principal businesses, respectively.

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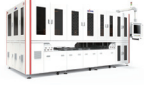
Product and Solution Offerings

We provide intelligent manufacturing products and turnkey solutions for manufacturers in the PV industry who focus on the development and production of PV cells and modules. We offer products and solutions along a continuum, ranging from standalone equipment to turnkey solutions. Our main products and turnkey solutions can be divided based on PV products, which mainly include:

PV cell manufacturing: This includes texturing, alkali polishing, cleaning, BSG removal, PSG removal and other wet-processing equipment, screen printing, sintering/testing and sorting process equipment, as well as automated cell manufacturing equipment used in TOPCon, HJT, xBC and other fields.

PV module manufacturing: This includes MBB high-speed string welding equipment, shingled welding equipment, busbar welding equipment, IBC string connection equipment and other production line solutions.

The chart below sets out some of our PV intelligent equipment:

Module				
	Ultra-high-speed string welding equipment	High-speed laser scribing equipment	Screen printing and stacking welding equipment	Semi busbar welding equipment
				
	Monocrystalline texturing cleaning equipment	BSG removal and alkali polishing etching cleaning equipment	Screen printing/sintering equipment	Testing and sorting process equipment

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The following table sets out certain features of our major PV intelligent equipment and turnkey solutions:

Products and Solutions	Key Features	Application Scenario
Scribing and welding integrated machine	The scribing and welding integrated machine leverages advanced technologies including a dual-mover interactive linear motor module and wire drawing welding technology, achieving a production capacity of over 12,000 half-cells per hour. It ensures high reliability and superior welding quality through its connecting rod flattening process and full-plate welding. Compatible with 5-24BB main grid SMBB/0BB/TOPCon/HJT cell types, it accommodates cell sizes ranging from 156 mm to 230 mm, while maintaining a design that is simple, durable and easy to maintain.	PV cells
0BB busbar-free welding machine	The 0BB busbar-free welding machine enables the series connection of PV cells by applying adhesive on both sides of the PV cells at different positions of the solder ribbon, facilitating battery string formation after adhesive curing. This innovative design eliminates the need for traditional busbars and printing processes. Furthermore, the micro-flux process utilizes contact high-temperature welding, resulting in fewer consumable parts and reduced maintenance costs.	PV modules

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Products and Solutions	Key Features	Application Scenario
xBC string welding machine	The xBC string welding machine is designed to produce both P-type and N-type BC cells with single-sided welding for complete cell strings. It incorporates advanced anti-warping technology to tackle the warping issues commonly faced in the mass production of BC cells. Operating at speeds exceeding 6,800 half-cells per hour and maintaining a fragmentation rate within 0.2%, this machine significantly boosts the development and industrial-scale production of xBC cells, leading to cost reductions and enhanced efficiency in the industry.	PV modules
PV high-efficiency TOPCon cell turnkey solution	The PV high-efficiency TOPCon cell production line solution delivers a comprehensive approach to PV cell manufacturing. It utilizes automatic transmission lines and process stacks to enable fully automatic loading and unloading of equipment, along with seamless material transmission between processes and production process traceability. Additionally, the integrated MES facilitates online quality inspections, real-time data collection and information integration, supporting efficient, stable and continuous production, which significantly enhances overall production efficiency.	PV cells

BUSINESS

3C Intelligent Equipment and Solutions

Overview

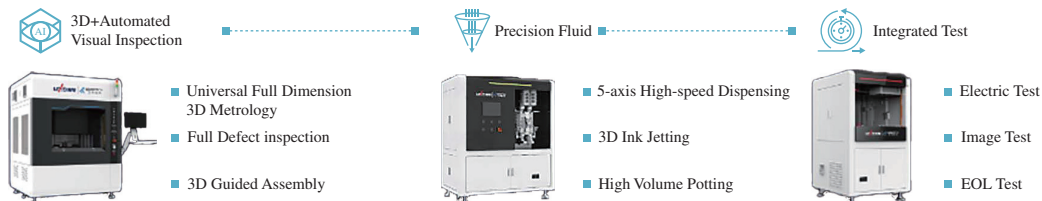
Our extensive experience in precision machining and automated visual inspection technology has been instrumental in developing intelligent manufacturing solutions, which have paved the way for our expansion into the 3C sectors. We provide intelligent solutions for the manufacturing and testing of various 3C products. Our advantages in the 3C intelligent equipment segment lie within advanced technologies, such as real-time 3D stereo vision, micron-level high-precision motion control, sub-pixel image processing and automated visual inspection defect detection, five-axis high-speed dispensing, high-flow sealing, imaging testing, electrical testing, reliability testing and 3D assembly, which can be applied to various fields such as consumer electronics, automotive electronics, semiconductor, precision sensing and other industrial intelligence fields.

We have been adopting intelligent and digital production, responding to industrial change and the customized needs of global customers. By integrating five-axis precision fluid technology and integrated testing technology, we have established full-scenario applications and empower industry innovation and breakthroughs, continuously providing customers with comprehensive solutions for molding, inspection and assembly, and have formed close relations with multiple leading customers in the industry.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the revenue from our 3C intelligent equipment segment was RMB605.8 million, RMB698.5 million, RMB688.8 million, RMB373.1 million and RMB135.0 million, respectively, which accounted for 4.4%, 4.2%, 5.9%, 4.1% and 1.3% of total revenue from our principal businesses, respectively.

Product and Solution Offerings

Our main products and one-stop solutions include automotive electronics intelligent equipment and consumer electronics intelligent equipment. The chart below sets out our main 3C intelligent equipment;



BUSINESS

Intelligent Logistics Equipment

Overview

Leveraging on our profound understanding of the business operations of our lithium-ion battery customers through years of extensive collaborations, we are entrusted to develop intelligent logistics equipment in further enhancing their operation efficiency and reducing cost. Our intelligent logistics equipment initially developed for lithium-ion battery manufacturers cover logistics and the management of upstream raw material warehouses, workshop electrode warehouses, cell warehouses and finished product warehouses. We gradually built up strong management capabilities in terms of complex logistics and warehouse management from the lithium-ion battery industry and then transferred our capabilities to PV and other manufacturing industries.

Our holistic approach helps our customers enhance their operational efficiency and inventory accuracy, providing a reliable platform for achieving visual, real-time and flexible logistics management. Leveraging our comprehensive suite of intelligent software solutions, our intelligent logistics equipment delivers solutions through the integration of hardware and software. They are embedded with manufacturing software such as MES, supporting customers in achieving “flexible manufacturing” and “smart manufacturing,” reducing overall labor costs and increasing the automation rate, which led to easier management decision-making and lower solution deployment costs. Our intelligent logistics equipment segment’s key customers include well-known lithium-ion battery manufacturers and automotive manufacturers around the world, including Volkswagen, BMW, CATL, CALB, EVE Energy, AESC, Sunwoda and Tongwei Group. For additional information on our customers, see “— Sales and Marketing and Customers — Our Customers.” According to Frost & Sullivan, our market share in the intelligent logistics equipment market for the lithium-ion battery field globally was 33.5% in 2024 in terms of revenue, making us the largest supplier of lithium-ion battery intelligent logistics equipment in China.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the revenue from our intelligent logistics equipment segment was RMB1,694.5 million, RMB1,431.0 million, RMB1,867.3 million, RMB1,503.8 million and RMB921.0 million, respectively, which accounted for 12.3%, 8.7%, 15.8%, 16.6% and 8.9% of total revenue from our principal businesses, respectively.

Product Offerings

Our main products include shuttle vehicles, stackers, conveyor belts, automated storage and retrieval systems and other intelligent logistics equipment, as well as logistics information management platforms, intelligent manufacturing execution systems, intelligent warehouse management systems, intelligent warehouse scheduling systems, logistics data acquisition and monitoring systems and other intelligent factory software systems.

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The chart below sets out our major intelligent logistics equipment product offerings.

■ Logistic System Layout	■ Equipment R&D	■ Manufacture	■ Control System and Logistic Software
■ Logistic Process Design	■ Quality Assurance	■ Project Management	■ Integration



Others

Automotive Intelligent Production Line

Leveraging our comprehensive expertise in battery pack assembly and manufacturing processes, we are progressively expanding into the field of intelligent manufacturing for EVs. We provide intelligent production lines for EV manufacturers. Our offerings cover all EV battery module assembly lines, which can be adapted for prismatic, cylindrical, pouch, blade and other battery types; EV battery pack production lines, including traditional PACK, CTP, CTC and other types; electric drive production lines, including stator wire, rotor wire, combination wire and test wire, EV battery charging and discharging test solutions, as well as intelligent equipment for automotive assembly. We have established co-operations with leading global automotive manufacturers, in the world such as BMW, Mercedes, Toyota, Volkswagen, SAIC and Xpeng, and delivered many safe, reliable and highly automated production lines (with the module automation rate reaching a maximum of over 95%, the PACK automation rate reaching a maximum of over 50% and the average automation rate of the overall electric drive solution from stator and rotor subassembly to electric drive finished product off-line reaching a maximum of over 85%).

BUSINESS

Hydrogen Energy Equipment

As a hydrogen energy equipment enterprise, we are committed to promoting hydrogen fuel cell industrialization. Since our initial engagement in the hydrogen energy sector in 2018, we’ve built a strong R&D team to offer integrated solutions for manufacturing of electrolyzer used in hydrogen production, fuel cell production lines and test platforms. In 2023, we innovated several hydrogen production devices, including MEA making equipment that uniquely addresses catalyst decal uniformity and packaging bubbles during hydrogen production. We have successfully delivered a self-developed 2000MW PEM electrolyzer stack turnkey solution to a Fortune Global 500 client that stands as the single largest overseas order ever undertaken by a Chinese company in the hydrogen energy equipment sector in 2024, according to Frost & Sullivan.

Through the accumulation of core technologies and breakthroughs in key processes, our product offerings cover MEA preparation, BPP production, PEM preparation, GDL preparation, stack high-precision automated assembly, system assembly and STACK/SYSTEM activation, electrolyzer manufacturing and testing equipment and other standalone equipment and turnkey solutions.

Laser Precision Processing Equipment

Leveraging our industry knowledge and market influence in various segments, including lithium-ion battery, PV, 3C and automotive, we provide our customers with laser fine and micro-processing and measurement solutions. Our laser precision processing equipment covers laser notching, laser welding, laser marking, laser etching, laser drilling and other standalone equipment and production lines.

OUR MANUFACTURING FACILITIES AND PROCESSES

Manufacturing Facilities

We strategically locate our manufacturing facilities in areas with developed supply chain support. As of the Latest Practicable Date, we have seven major manufacturing facilities in the PRC. The following table sets out certain information relating to our major manufacturing facilities as of September 30, 2025:

<u>Facility (Location)</u>	<u>Approximate GFA (m^2)</u>	<u>Key Functions</u>	<u>Key Products</u>	<u>Leased/Owned</u>
Wuxi No. 1 Factory Xinwu District, Wuxi, China	25,350	manufacturing, storage	PV intelligent equipment, automotive intelligent production line	owned

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Facility (Location)	Approximate GFA (<i>m</i> ²)	Key Functions	Key Products	Leased/Owned
Wuxi No. 2 Factory Xinwu District, Wuxi, China	114,127	manufacturing, storage	lithium-ion battery intelligent equipment	owned
Huanan Intelligent Equipment Industrial Park Jinwang District, Zhuhai, China . . .	128,478	manufacturing	lithium-ion battery intelligent equipment and intelligent logistics equipment	owned
Zhuhai Hongwan Factory Xiangzhou District, Zhuhai, China	56,883	manufacturing	lithium-ion battery intelligent equipment	owned
Wuxi No. 3 Factory Phase I, Xinwu District, Wuxi, China	241,357	manufacturing, storage	intelligent logistics equipment, laser precision processing equipment, lithium-ion battery intelligent equipment, hydrogen energy equipment	leased
Wuxi No. 3 Factory Phase II, Xinwu District, Wuxi, China	178,201	manufacturing, storage	lithium-ion battery intelligent equipment	owned
Wuxi No. 3 Factory Phase V, Xinwu District, Wuxi, China	90,676	manufacturing	lithium-ion battery intelligent equipment	leased

Our equipment manufacturing processes are complex, involving numerous types and models of equipment. Different product models vary significantly in material consumption, production time and equipment usage. Furthermore, our products are highly customized; equipment adjustments are made based on downstream customers’ specifications for product formulae, manufacturing processes and design capacity. Driven by evolving market demands and technological advancements, our product and solution offerings have diversified and become increasingly segmented in recent years. Therefore, it’s impossible to use any single product or model to represent our overall production capacity.

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The following table sets out the production data of our principal business segments for the years/periods indicated:

Business segment	Year ended December 31,			Nine months ended
	2022	2023	2024	September 30,
	Units Produced ⁽¹⁾	Units Produced ⁽¹⁾	Units Produced ⁽¹⁾	2025 Units Produced ⁽¹⁾
Lithium-ion battery				
intelligent equipment. . . .	7,476	5,794	2,871	6,096
PV intelligent equipment . .	499	2,632	498	47
Intelligent logistics				
equipment	1,079	1,766	1,247	726
Other products ⁽²⁾	1,482	1,211	1,460	760
Total	10,536	11,403	6,076	7,629

Notes:

- (1) All of our products and solutions are only produced after we receive a customer order. The units produced are counted on an order basis. For instance, each of our turnkey solutions contains multiple equipment but only counts as one unit produced.
- (2) Other products include 3C intelligent equipment, hydrogen energy equipment, automotive intelligent production line and laser precision processing equipment.

Manufacturing Process and Planning

Most of our products and solutions are made to order and cater to the different needs of our customers. We operate in the engineering-to-order (ETO) industry, where the production process is organized and implemented based on specific customer order requirements. After a sales contract is signed, our manufacturing department and R&D department will jointly formulate a manufacturing plan based on the specifications in the contract. We do not immediately enter the manufacturing planning stage but instead formulate a project plan from a project perspective, aiming at customer delivery, and organize resources for preparation and implementation accordingly. First, our R&D department will design the product’s three-dimensional structure, including 3D modeling and drawing designs according to the technical requirements of the customer. This is followed by the decomposition of industrial drawings and the final completion of work instructions. Our procurement department will then procure the raw materials and components from qualified suppliers and deliver them to the manufacturing facilities to be processed, assembled, tested and shipped to customers on time.

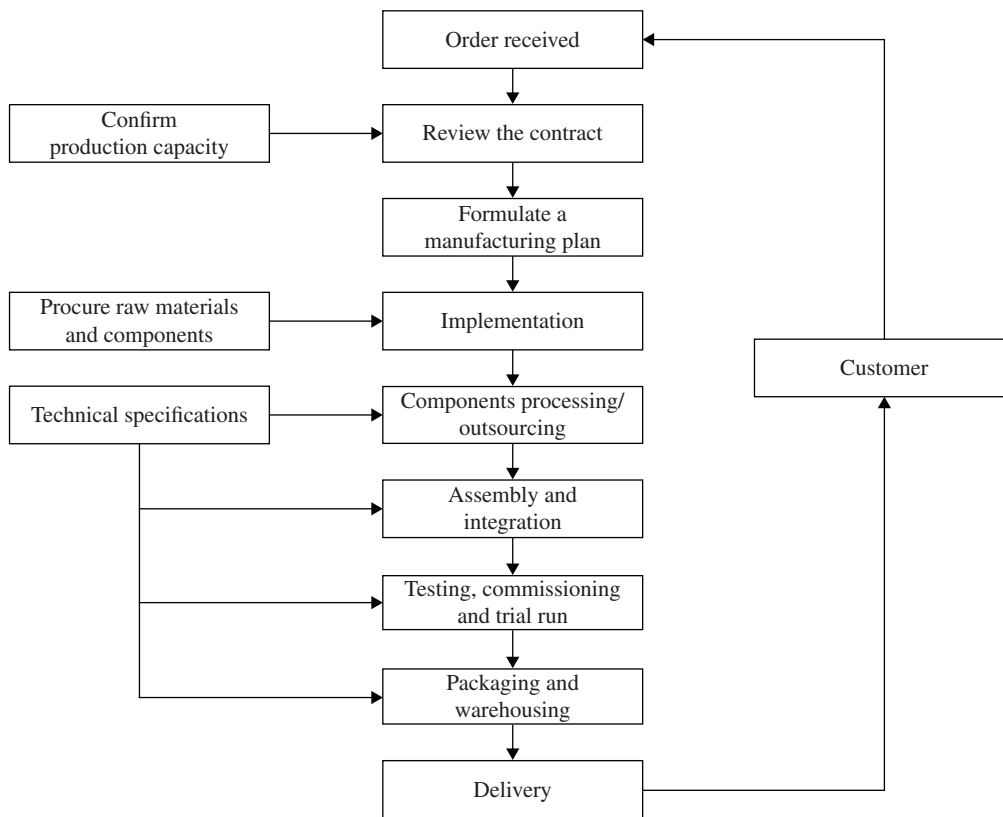
Our manufacturing R&D process is tightly connected with our delivery process, with the entire manufacturing cycle taking between 90 and 120 days per project. The manufacturing R&D and design takes approximately 30 to 35 days depending on the model, procurement takes

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between 25 and 30 days and assembly and commissioning take between 35 and 55 days per project. For mature models, the production cycle is generally faster, while new models, due to higher manufacturing R&D and commissioning requirements, have a relatively longer cycle.

To control manufacturing costs, we consciously promote the mixed usage of both standardized components and non-standard components. We have strategically increased the manufacturing of standardized components of equipment with high market demand, which can not only reduce procurement costs and manufacturing costs, but also improve our production efficiency, enabling faster delivery to customers. We have also maintained our ability to design non-standard components according to product specifications, allowing us to cater to the individual needs of our customers.

The following chart illustrates our general manufacturing process:



Generally, our manufacturing process can be categorized into the following steps:

- *Formulation of production plan:* Based on the customer’s technical specifications and contract details, our engineering team will formulate an equipment blueprint and its relevant production plan that fits our overall manufacturing planning while meeting the delivery timetable.

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- *Procurement and processing of raw materials and components:* The principal raw materials and components we procure include non-standard components, standardized components and basic materials. See “— Procurement and Suppliers — Raw Materials and Components”. We process raw materials and components either in-house or through subcontractors according to our designs and technical specifications.
- *Assembly and integration into final products:* Raw materials and components are assembled and integrated to form the final products.
- *Testing, commissioning and trial run:* We will conduct rigorous testing and commissioning before delivering our product to a customer. The product will be tested in an environment that simulates the actual working conditions of the customer.
- *Transportation:* The final products are delivered to our customers.
- *Installation and onsite testing:* We will install and test our equipment and production lines on our customers’ premises and connect to the rest of the customer’s plant in accordance with our customer’s requirements. We also provide training to the customer’s employees in order to ensure the proper and efficient use of our products and solutions.

While we design and manufacture components for our products in-house, we outsource the processing of certain non-standard components to certain subcontractors. We select subcontractors based on a number of factors, including their technical qualifications, their experience in similar projects, their financial strength and management capacity and their standing in the relevant market. During the Track Record Period, all the subcontractors engaged by us are independent third parties.

Planned Manufacturing Facilities

We plan to establish one new production facility in China. The following table sets out certain information regarding our planned new manufacturing facility as of September 30, 2025:

Facility (Location)	Total Land Area	Estimated commencement time of production	Status	Total Investment Amount	Key function
	(m ²)			(RMB in millions)	
Industrial Park Phase VI	126,534	2026	Infrastructure under construction	699	manufacturing of new energy equipment

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Facility (Location)	Total Land Area	Estimated commencement time of production	Status	Total Investment Amount	Key function
	(m ²)			(RMB in millions)	
Wuxi No. 3 Factory Phase II	134,245	2025	Factory construction completed and headquarter building under construction	1,400	manufacturing of lithium-ion battery intelligent equipment

Machinery and Equipment

Our operations are supported by a diverse range of equipment and machinery tailored to accommodate our various products. We own the principal equipment and machinery involved in our manufacturing processes. We generally acquire equipment and machinery from domestic third-party suppliers. We upgrade our machinery from time to time to improve our production efficiency. We perform routine and preventive maintenance on our machinery and equipment to ensure that they function properly at all times. We constantly introduce advanced equipment and optimize our manufacturing technologies to improve product quality and enhance manufacturing efficiency. The key equipment used in manufacturing primarily includes (i) assembly equipment, such as process lathe machines, electronic drills and angle grinders; and (ii) process equipment, such as welding equipment and metalworking equipment.

QUALITY CONTROL

We have established a full life cycle quality management mechanism, from supply chain management to after-sales service, with clarified quality objectives and assessment mechanisms and allocated responsibility for each control point. At the same time, we have built a full life cycle quality management system covering stages from product design incubation to final onsite delivery, monitoring R&D quality, design quality, supply chain quality, processing and assembly quality, debugging service quality, etc. Through a visualized, intelligent and traceable all-round evaluation system, we are able to achieve fully traceable quality control on each of the products we deliver. We have obtained a series of certificates, including ISO 9001 for our quality management system, as well as other various certificates, including EU CE certification and TUV Explosion Protection Certificate for our specific products as issued by the China Quality Certification Center. Having an effective quality management system is one of our top priorities, and we strive to fully meet the customized requirements and technical specifications of each customer as well as the relevant regulatory standards.

We have established a quality control team with the general manager as the first responsible person. Our quality control director oversees the planning and implementation of our quality control policies and risk management system. The manager for each business

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segment is directly responsible for the quality control of our products. In addition, our after-sales service management procedures and exception handling procedures ensure the fulfillment of our commitment to product quality and safety.

RESEARCH AND DEVELOPMENT

We believe that our ability to continue to develop innovative technologies and products is essential to our future success. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our R&D expenses amounted to RMB1,347.9 million, RMB1,675.6 million, RMB1,670.7 million, RMB1,266.2 million and RMB1,231.2 million, respectively, which accounted for 9.7%, 10.1%, 14.1%, 14.0% and 11.9%, respectively, of our total revenue.

We maintain a capable R&D team of 4,116 employees, of which 87.8% hold a bachelor’s degree or higher as of September 30, 2025. We have set up an R&D department under each business segment. We have established the Lead University to conduct regular training for our R&D personnel. Additionally, we have further developed a digital and standardized R&D platform to facilitate the digital transformation of the equipment manufacturing industry’s R&D processes. Our digital software is designed to automate and digitize the entire R&D process, including selection guidance, automated drawing and automatic programming. This approach aims to enhance R&D efficiency and effectiveness while minimizing human error. Such functions have significantly enhanced the overall efficiency of our R&D process.

We deploy our R&D resources in line with the downstream industries in which our customers operate. We collaborate closely with our customers by conducting in-depth investigations of their manufacturing facilities, manufacturing process and product needs. For each project, we set up a special project team to carry out a number of tasks, including R&D, design, implementation, testing and other procedures. The project team analyzes issues and problems encountered during the R&D process and proposes ideas and methodologies for improvement. During the trial-run process, the project team will check the installation of our products and make final fine-tuning as needed. After ensuring that all specifications of the product have met the customer’s requirements, the project team will summarize and reflect on the project to accumulate valuable experience for future R&D. In addition, we provide certain R&D training to our sales and marketing team to allow them to respond to customer enquiries and needs in a timely and effective manner.

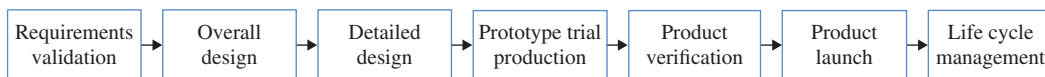
Through years of dedicated R&D activities, we have successfully transformed our R&D results into a series of proprietary technologies, which enabled us to compete effectively in the market. Our core technologies include all-solid-state battery equipment technology and composite current collector equipment technologies in the field of lithium-ion battery intelligent equipment, IBC battery string welding and HJT battery string welding equipment technologies in the field of PV intelligent equipment, hydrogen fuel cell membrane electrodes precise coating technology in the field of hydrogen equipment and ultra-high-precision Micro-OLED foreign matter detection technology in the field of 3C intelligent equipment.

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R&D Process

Our R&D process is strategically aligned with our business development objectives and industry trends, carefully identifying potential projects that cater to the evolving needs of our customers. We adopt a modular approach in our R&D process to achieve flexibility and efficiency by allowing independent development, testing and replacement of components. This approach enables simultaneous work on various modules, speeding up development and reducing costs through reusability. It also enhances scalability, as we can easily add or upgrade modules without major system overhauls. We categorize our R&D initiatives into three main areas: (i) strategic innovation initiatives and ongoing optimization of our product portfolio; (ii) new product development plans driven by comprehensive market analyses from our marketing department; and (iii) bespoke product orders tailored to meet specific customer requirements.

Our R&D process is primarily structured into the technology oriented projects (“**TOP**”) and the order oriented projects (“**OOP**”). The TOP is dedicated to advancing technical innovation and establishing a robust technological reserve to address future demands and support proactive iterations of our existing products. This process is forward-looking, with a focus on continuously enhancing and optimizing product performance while introducing new functionalities to existing products. In addition to our R&D capabilities, this process relies heavily on our industry expertise and market insights. Our R&D system plays a pivotal role in the R&D process, investigating market trends and technological advancements to ensure we remain at the forefront of the industry and are well-prepared for future requirements. The following diagram illustrates the principal TOP processes for our products:



The OOP is centered around the needs and preferences of customers’ orders under the ETO business model, aiming to design products that are immediately applicable in customer-specific scenarios. Initiated directly by customer requirements, the OOP outcome is typically customized to meet specific client needs. At the outset of the process, customers define the scope and objectives of the projects and remain engaged throughout the OOP to ensure that the R&D outcomes align with their precise specifications and are scalable upon acceptance. Consequently, an OOP project often necessitates collaboration across multiple departments, including sales, procurement and quality management. The following diagram illustrates the major OOP processes for our products:



The TOP and OOP are intricately interlinked and frequently occur simultaneously. The TOP focuses on developing new technologies and innovations, which are subsequently integrated into the OOP after reaching certain maturity to create new products catering downstream needs. As the TOP advances, feedback from order development can inform and

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refine the OOP, leading to further technological advancements. This dynamic interaction ensures that technological innovations are effectively translated into practical applications, allowing for continuous improvement and adaptation throughout the R&D process. Such synergy guarantees a seamless transition from technological development to product realization, thereby enhancing overall efficiency and effectiveness in bringing new products to market.

Impact of the Pandemic

During 2022 and 2023, our business operations were impacted by the ongoing effects of the COVID-19 pandemic. The COVID-19 pandemic caused a surge in international shipping costs — with container rates spiking up to multiple times pre-pandemic levels — due to port congestion, container shortages, and labor disruptions, while widespread delays extended transit times by weeks or months. During the pandemic, our international shipping costs doubled as compared to before the pandemic. Also partly due to the impact of COVID-19, our average acceptance period more than doubled during the Track Record Period, from approximately six to ten months in 2022 and 2023 to more than 15 months in 2024 and then decreased to less than 13 months in the nine months ended September 30, 2025. Consequently, we experienced delays in delivery and testing and acceptance schedule to our overseas customers, most of which were our intelligent logistics equipment business customers. In addition, the global economic uncertainty during this period influenced some customers to delay or scale back their investment in new technologies and manufacturing solution. Given that we did not experience any cancellations of orders due to the COVID-19 pandemic, our Directors believe COVID-19 did not have any material adverse impact on our business, results of operation and financial condition during the Track Record Period.

Business Prospects

As a new energy intelligent equipment enterprise, we offer intelligent equipment and solutions to a range of emerging industries, including lithium-ion battery manufacturing and PV industry. In the past several years, propelled by global carbon neutrality initiatives, the industries we operate in experienced substantial growth, and relevant market players had also seen their technical sophistication, production capacity and financial performance improve. Similar to other industries undergoing rapid development during the fast-growing stage, the relevant industries we operate in also experienced headwinds arising from fluctuation in downstream customer demand and intensified market competition recently. According to Frost & Sullivan, due to the rapid expansion in production capacities in previous years, the average capacity utilization rate of lithium-ion battery manufacturers in China fell from over 75% in 2022 to approximately 55% in the first half of 2024. Also, since the fourth quarter of 2023, mainly due to the rapid expansion in production capacities in various sectors of the PV industry value chain, the PV industry has experienced an over-capacity, according to the same source.

Our total revenue increased by 19.1% from RMB13,836.1 million in 2022 to RMB16,483.3 million in 2023, and then decreased by 28.6% to RMB11,773.4 million in 2024. Our revenue decrease in 2024 was mainly due to (i) decrease in total new order value,

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especially decrease in domestic order value, resulting from temporarily weakened downstream customer demand in some of our key focus areas, including EV battery and energy storage battery industry and PV industry. This was partially offset by the increase in overseas order value, as we have strategically focused on expanding overseas sales and increasing sales to overseas customers. Our total revenue increased from RMB9,038.4 million in the nine months ended September 30, 2024 to RMB10,387.5 million in the nine months ended September 30, 2025, primarily due to increases in (i) our sales of lithium-ion battery intelligent equipment, mainly because of an increase in order and acceptance of the downstream EV battery and energy storage battery companies, as a result of the recovery of downstream EV and energy storage market, and (ii) other business, mainly because one of our automotive intelligent production line project previously undergoing testing stage had been accepted by the customer. During the Track Record Period, our total new order value amounted to RMB27.2 billion, RMB20.3 billion, RMB14.6 billion and RMB14.2 billion, respectively. Our acceptance period, being the time gap between delivery and revenue recognition, extended during the Track Record Period as we recognize revenue from sales of intelligent equipment upon the receipt of customer acceptance, which is formally acknowledged through signed customer confirmation verifying that the equipment meets the specified requirements and is fully operational to the customer’s satisfaction. Our average acceptance period more than doubled during the Track Record Period, from approximately six to ten months in 2022 and 2023 to more than 15 months in 2024 and decreased to less than 13 months in the nine months ended September 30, 2025. Our revenue during the Track Record Period was mainly generated from domestic customers, and due to weakened downstream customer demand in the domestic market, our domestic customer acceptance period had increased from 2022 to 2024, as our customers tend to delay their capacity expansion even when they had already ordered our products for delivery, and wait for the rebounding of downstream customer demand before confirming their acceptance and actually putting the equipment into use.

As we strategically focused on expanding our overseas sales and increasing sales to our overseas customers, our revenue from overseas sales increased from RMB1,195.4 million in 2022 to RMB2,241.6 million in 2023 and further increased to RMB2,831.3 million in 2024, accounting for 8.6%, 13.6% and 24.0% of our total revenue for the respective years. Our revenue from overseas sales remained relatively stable at RMB2,199.8 million in the nine months ended September 30, 2024 and RMB2,015.3 million in the nine months ended September 30, 2025, respectively, accounting for 24.3%, and 19.4% of our revenue in the same periods, respectively. Our overseas orders on average take 1.5 to 2.5 years from dispatch to acceptance due to relatively longer time in transit and more stringent customer acceptance standards, as compared to 9 to 15 months for domestic orders, both of which are in line with the typical ranges of the new energy intelligent equipment market, according to Frost & Sullivan. The longer acceptance period for overseas orders and gradual increase in revenue contribution from overseas sales also contributed in part to our prolonged acceptance period and corresponding delay in revenue recognition during the Track Record Period.

We experienced decrease in gross profit margin during the Track Record Period, from 36.6% in 2022 to 32.7% in 2023, and further to 30.0% in 2024, and from 35.1% in the nine months ended September 30, 2024 to 30.9% in the nine months ended September 30, 2025. The

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decrease in gross profit margin was mainly due to our prudent approach for inventory write-down as we not only write down inventory at times of actual losses, but also after making prudent assessment of the realizable net value of inventories in advance, especially for inventories with longer aging to reflect their slow turnover cycle. The challenging downstream market conditions led to enhanced market competition and imposed challenges on our customers, reducing their demand for expansion of production capacity. Some customers, despite having placed orders for our products, are delaying their expansion plans, choosing to await a recovery in downstream demand before confirming acceptance and deploying the equipment. Accordingly, we made assessment of the net realizable value of inventories and made provisions accordingly. As a result, the write-down of inventories increased from RMB114.9 million in 2022 to RMB411.5 million in 2023, further to RMB548.7 million in 2024, and increased from RMB84.9 million to RMB170.4 million in the nine months ended September 30, 2024 and 2025, respectively. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our subsequent reversal of write-down of inventories amounted to RMB61.8 million, RMB24.7 million, RMB154.1 million, RMB124.8 million and RMB192.7 million, respectively.

According to Frost & Sullivan, we were the world’s largest lithium-ion battery intelligent equipment provider in terms of revenue in 2024, accounting for 15.5% and 19.0% of the global and Chinese lithium-ion battery intelligent equipment market share, both of which increased throughout the Track Record Period. In the second half of 2024, driven by growing downstream market demand and an increase in overseas orders, the average capacity utilization rate of lithium-ion battery manufacturers in China rebounded to approximately 75%, prompting manufacturers to make capacity expansion decisions and order for corresponding equipment based on their forward-looking assessment of future market conditions, according to Frost & Sullivan. Therefore, the rebound of capacity utilization rate of lithium-ion battery manufacturers since the second half of 2024 has been driving the demand for lithium-ion battery intelligent equipment. Furthermore, besides the growing demand driven by capacity expansion, the demand for lithium-ion battery intelligent equipment driven by the renovation and upgrading of existing equipment has also been increasing, as equipment previously purchased by downstream customers enters the iteration cycle in the following years gradually. Also with the gradual increase in downstream demand, the PV industry is undergoing a gradual supply-demand re-balancing process.

As a result, our business operations and financial performance for the nine months ended September 30, 2025 stabilized and gradually recovered. Our total revenue increased by 14.9% from RMB9,038.4 million in the nine months ended September 30, 2024 to RMB10,387.5 million in the nine months ended September 30, 2025. Our gross profit increased by 1.0% from RMB3,172.3 million in the nine months ended September 30, 2024 to RMB3,204.6 million in the nine months ended September 30, 2025, as a result of the foregoing. Our gross profit margin decreased from 35.1% in the nine months ended September 30, 2024 to 30.9% in the nine months ended September 30, 2025, primarily due to certain orders accepted during the period having been contracted during an industry downturn at relatively lower pricing, resulting in lower gross margins upon acceptance. We also recorded net cash generated from operating activities of RMB3,835.2 million for the nine months ended September 30, 2025.

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However, as we operate in industries where market players tend to have a high concentration of customers, such customers tend to have larger bargaining power, resulting in prolonged acceptance period and payment cycle, especially during market downturn. Therefore, we are subject to heightened risks of prolonged acceptance period, unfavorable payment terms, potential net operating cash outflow position and general uncertainty of our downstream customer demand, and therefore we cannot guarantee the markets we operate in will rebound, and even if they do, we may not be able to maintain our profitability due to the above-mentioned factors. See “Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate.”

PROCUREMENT AND SUPPLIERS

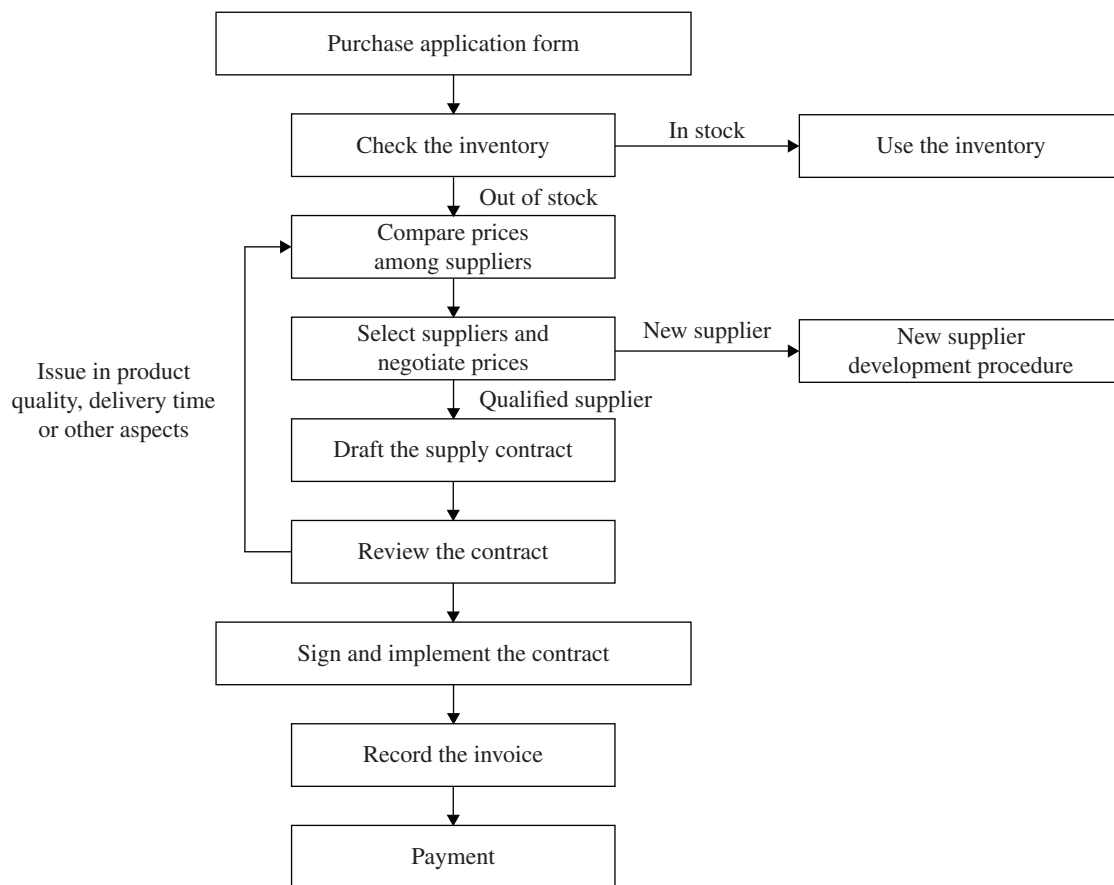
Raw Materials and Components

Our raw materials and components primarily consist of non-standard components, standardized components and basic materials, which can be used for a wide range of equipment across different business segments. The following table sets out the principal raw materials and components we use:

Type	Raw materials and components
Non-standard components . .	Guide shafts, pin parts, thickened gaskets, magnets, cylinder joints and brackets, sensor bases, racks and touch screens, small parts, labels, flat belt drives and roller guides, gear drives, sprocket drives, guide plates, side plate parts, logistics and general parts for assembly lines, hoop parts, manifolds and control boxes
Standardized components. . .	PLC/PC, touch screen, display, sensor, switch/button/contact, relay/contact, signal devices, motor control, safety equipment, cables/wires, meters, power supply/filter, transformers/regulators/inductors, motors/fans/industrial robots, electrical accessories, software/storage, electrical cabinets/electrical boxes/panels, other electrical appliances, thermostats, pneumatic components, hydraulic components, bearings, transmission parts, fasteners, bolts/studs and fastener seals
Basic materials	Metal sheets, pipes/bars/profiles and packaging materials

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We purchase our raw materials and components in batches according to the manufacturing plan to ensure the timely procurement and effective control of our inventory level. For the core components that have greater impacts on the quality of the final products, we maintain and regularly update the list of suppliers that we purchase from. Our core component suppliers include well-known domestic and foreign brands in the industry. We either purchase directly from manufacturers or through reputable distributors. We ensure the stable supply of core components by leveraging strategic partnerships and long-term framework agreements with numerous key suppliers. We believe that we are not dependent on any particular supplier as we source our key raw materials and components for our products from multiple suppliers. We procure most of the raw materials and components in China. The following chart illustrates our general procurement process:



Our Suppliers

We have a comprehensive evaluation system for selecting suppliers. Ahead of engaging new suppliers, our R&D department, manufacturing department, quality control department and procurement department evaluate potential suppliers according to various aspects, including their qualifications, market reputation, production capacity, technology, quality and cost control. We also regularly evaluate the performance of our suppliers, focusing on criteria that including raw material quality, delivery, cost and, where applicable, the technical specifications of the products supplied by them. During the Track Record Period, we generally

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established relationships with multiple suppliers for the same key raw materials, such as electronic and electrical components to satisfy our needs and to ensure the stable supply and low procurement costs of raw materials.

Suppliers and Procurement Control

We have established stringent management mechanisms for the selection and retention of suppliers. Our supplier management procedures and procurement management procedures aim to provide suppliers with a platform for fair and open competition. The selection of new suppliers is jointly undertaken by our R&D department, manufacturing department, quality control department and procurement department, taking into consideration the technology, product quality, customer service, delivery time and other aspects of each supplier candidate. We also take into account the candidate supplier’s supply capabilities and commitment to corporate social responsibility. We enter into confidentiality agreements and quality assurance agreements with qualified suppliers and perform regular and *ad hoc* performance evaluation to ensure their compliance with our policies and standards.

We generally procure raw materials and components from suppliers through non-exclusive supply contracts. We have signed co-operation framework agreements with selective suppliers to strengthen collaborative relations and build a supply chain. The prices of such raw materials and components are generally either fixed for the effective term of the supply contract or determined taking into account the then-prevailing market price, which allows us to better manage our procurement cost and provide customers with more accurate pricing on our products. We may elect to terminate a supply contract with a supplier in case of poor product quality, failure to deliver on time or other breaches of contract provisions. The key terms of the long-term framework agreements we enter into with our suppliers generally include the following:

- **Duration.** The term of our agreement is typically one year. Upon expiration of the agreement, the parties may enter into a new agreement.
- **Purchase order.** We notify the suppliers of the type, specification, unit price, quantity and date of delivery of the raw materials we need in writing.
- **Price.** Depending on the type of raw material and supplier, prices are either fixed in the long-term framework agreements or determined considering the then-prevailing market price.
- **Inspection and product returns.** Product inspection takes place within a specified period after delivery of the raw materials to us. We are entitled to return any defective raw materials that do not meet the agreed quality standard and the suppliers shall remedy the same, including product return and replacement.

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- **Credit terms and payment method.** The credit period and payment method shall be in accordance with the purchase order. For example, some of our suppliers grant us a credit period of between 90-120 days whilst some suppliers require us to make payment based on the following key stages: (i) signing of contract, (ii) delivery of goods, (iii) formal acceptance and (iv) upon expiry of the warranty period.
- **Minimum purchase commitment.** We typically set our minimum purchase obligation based on a percentage of the supplier’s production capacity.
- **Confidentiality.** We usually include confidentiality clauses in the framework agreements, and the period of confidentiality obligations may be extended to after the expiration of the agreements.
- **Termination.** The agreements will be terminated upon expiration. We are also entitled to terminate the agreement if the supplier fails to meet our evaluation and assessment standards.

Major Suppliers

During the Track Record Period, our major suppliers were primarily raw material and component suppliers. Purchases from our five largest suppliers for each year/period in during the Track Record Period accounted for approximately 9.5%, 7.9%, 7.7% and 8.7% of our total purchases for the respective year/period. Purchases from our largest supplier for each year/period in during the Track Record Period accounted for approximately 3.0%, 2.6%, 2.0% and 2.6% of our total purchases for the respective year/period. To avoid supplier concentration, we diversify our supplier base by engaging multiple suppliers for the same goods or services and implementing strategic sourcing practices. Additionally, we conduct regular market analysis, develop supplier relationships and maintain contingency plans to ensure supply chain resilience. During the Track Record Period, none of our top five suppliers were our customers.

To the knowledge of our Directors, as of the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers in each year of the Track Record Period. Our Directors confirm that our Group did not experience any material disruption, disputes or delay in relation to supply by our suppliers during the Track Record Period and up to the Latest Practicable Date.

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INVENTORY MANAGEMENT AND LOGISTICS

Our inventory consists of raw materials and components, works-in-progress, finished products and goods delivered.

We focus on optimizing our inventory management and actively monitor our inventory levels. For standardized components and basic materials, we maintain a reasonable inventory level and update our inventory plan regularly based on factors such as estimated consumption, product demand and prevailing market prices for the relevant raw materials and components. For custom components, we place purchase orders for raw materials and components upon signing sales contracts with the customer and based on our manufacturing plans.

Logistics

During the Track Record Period, our logistics was primarily provided by third party logistics service suppliers. We usually engage our logistic suppliers through public bidding processes. We systematically plan our means and routes of transportation to optimize efficiency and reduce our logistics costs on a case-by-case basis. We closely monitor our whole logistics process and purchase customary insurance. We also regularly evaluate logistics service providers by grading them as per their qualifications and historical performance to update our service provider list.

We are also in the process of developing an internal logistics system to establish efficient and integrated logistics arrangements, which will further reduce transportation costs and enhance resource utilization. This system is designed to optimize our logistics processes through meticulous planning and real-time monitoring. This strategic initiative will not only improve our operational efficiency but also elevate our service capabilities, thereby strengthening our competitive position in the market.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially or adversely affected our business operations.

SALES AND MARKETING AND CUSTOMERS

Sales Network

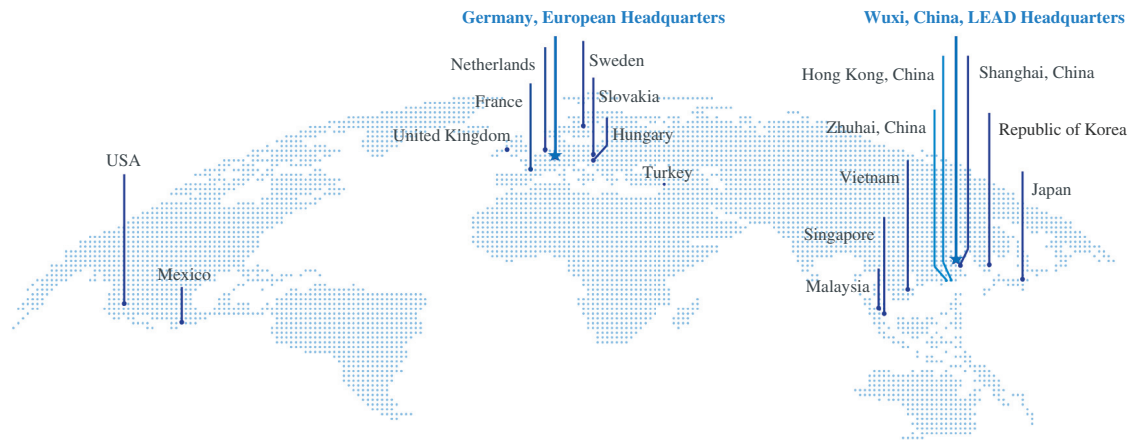
We are committed to providing quality services to our customers by establishing an extensive integrated sales network to provide a comprehensive range of sales service. We have established a number of sales branches and offices in regional markets across China, as well as overseas. We have promoted and strictly implemented a series of customer handling guidance and procedures to ensure that we can respond to customers’ requests in a timely and effective manner, covering the pre-sale discussion to post-delivery and the warranty period. We believe that our comprehensive sales system not only distinguishes us from our competitors,

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but also allows us to establish and maintain long-term relationships with our customers. By actively managing our sales network, we are able to efficiently penetrate local markets and capture sales opportunities. As of September 30, 2025, we had over 60 service centers around the world.

During the Track Record Period, we sold all our products through direct sales to customers. Our equipment is used in the manufacturing of lithium-ion batteries, PV cells and modules, 3C products, EVs, fuel cells and other fields. Our sales department is mainly responsible for developing and maintaining customers, formulating sales plans and exploring customer needs. Our direct sales efforts include live presentations and demonstrations of our products by our sales employees, which, provide our customers with convenience and a customized experience.

The map below illustrates the coverage of our global sales and coverage network:



As of September 30, 2025, our sales team consisted of 203 dedicated sales personnel covering over 20 countries and regions. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our selling and marketing expenses amounted to RMB410.8 million, RMB451.0 million, RMB362.4 million, RMB233.4 million and RMB210.0 million, respectively, which accounted for 3.0%, 2.7%, 3.1%, 2.6% and 2.0%, respectively, of our total revenue.

Marketing

Our sales team is responsible for the design and implementation of our marketing strategies and campaigns, which are implemented through a coordinated marketing effort supported by other departments. We have established co-operative relations with downstream industries and our orders are mainly obtained through direct contact with customers. We also conduct other marketing activities, such as participation in industry conferences, professional exhibitions, product advertisement on industry journals and e-commerce websites.

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Pre-Sales and After-Sales Services

Pre-Sales Services

We have formed pre-sales teams to address potential sales opportunities. A pre-sales team is led by an account manager and jointly managed by a product manager and a project manager. The account manager is responsible for the in-depth exploration of customer needs and the negotiation of the sales contract. The product manager is responsible for ascertaining and understanding the customer’s technical needs. The project manager is also responsible for overall project management, including overseeing the project’s progress and managing project risks.

After-Sales Services

We provide extensive after-sales services to our customers to cultivate customer loyalty and enhance our brand image. We have set up specialized after-sales services teams to respond to customer enquiries in a timely manner and strictly implement our after-sales services management procedures. In addition, we regularly conduct professional and technical training to improve the professional skills of after-sales services personnel. We aim to build a cloud data management platform that allows us to provide integrated and high-quality after-sales services for our customers. As part of our after-sales services, we actively work with customers on their equipment and production line upgrading so as to further understand evolving customer needs, provide differentiated services to our customers, create more value for our customers and continuously improve customer satisfaction and loyalty.

Our Customers

We sell our products and solutions in China, as well as Europe, Asia, North America and other regions around the world. The major customers of our lithium-ion battery intelligent equipment business are domestic and foreign leading lithium-ion battery and automotive manufacturers. For our PV intelligent equipment business, major customers include major domestic and foreign PV cell and module manufacturers. The major customers of our intelligent logistics equipment business are well-known domestic and foreign lithium-ion battery and automotive manufacturers.

We generally enter into sales agreements with our customers. Although the contract terms vary, they usually include the following key terms:

- **Quality control.** The quality of the products shall be in compliance with the specifications designated by our customers.
- **Price.** The prices of the product are generally specified in each purchase order in the case where the main sales agreement is a framework agreement.

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- **Payment terms.** We usually agree with our customers on payment based on stages, which is in line with the industry practice. Customers are generally required to provide (i) a deposit of approximately 30% of the total contractual amount after signing of the sales contract, (ii) a payment of approximately 30% of the total contractual amount when the products are ready for shipment, (iii) a payment of approximately 30% of total contractual amount upon completion of installation and testing and receipt of signed acceptance and (iv) a final payment of approximately 10% of the total contractual amount upon expiry of the warranty period. For overseas customers, we usually require them to settle approximately between 60% and 80% of the total contractual amount when the products are ready for shipment. We generally accept banks’ acceptance bills and bank transfer as payment methods.
- **Confidentiality.** We usually set confidentiality clauses with our customers and such obligations may continue to exist for a certain period of time after termination of the agreement.
- **Delivery and transportation.** We generally deliver our products to our customers. We appoint third-party logistics companies to accommodate the delivery and purchase relevant insurances. The logistics companies are responsible for any product damage during transportation.
- **Warranty.** We usually set out warranty periods, typically of 12 months, depending on the products and the sales agreement. During the warranty period, our customers may request that we replace or repair defective parts and components free of charge. Following the expiration of the warranty period, we provide value adding services including equipment repair, maintenance and upgrade services and supply parts and components to our customers for a fee based on the services required.

We are concurrently focused on accumulating high-quality overseas customers and maintaining close collaborations with leading international companies, such as BMW, Volkswagen, ACC, Siemens and Ford. Our framework cooperation agreement with them typically has a term of two years, subject to automatic renewal upon expiration if neither party objects in writing. The agreement generally stipulates that both parties shall provide each other with mutual preferential treatment, strategic resource sharing, management experience exchange and regular cross-departmental meetings. Specifically, we shall supply products and solutions to the customer with priority and high-quality standards and provide comprehensive quality assurance and after-sales service. The customer shall, under equal conditions, prioritize procurement from us and give preference to collaborating with us on significant projects, as well as share information regarding supply chain resources and other resources with us.

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All the products exported and sold to our customers are exported from China and executed under either FOB or DAP, whereby the responsibility for customs filing and clearance in the respective destination countries resides with our customers. The majority of our overseas sales during the Track Record Period were to customers located in the member states of the EU. To our best knowledge and based on public information, our customers generally paid less than 2% tariff on such products. As advised by our German law advisor, the import of products, including lithium-ion battery intelligent equipment and intelligent logistics equipment, is in principle free of permit requirements, as expressed, for example, in Article 1 of the Regulation (EU) 2015/478. We also export a relatively small amount of our products to North America, which accounted for less than 1% of our total revenue in 2024. Considering the above, our Directors are of the view that impacts of the U.S. and EU tariffs on our operation are relatively insignificant during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we had no sales to (i) any comprehensively sanctioned countries; and (ii) any Entity List entities that is in violation of the Export Administration Regulations or other major sanction list targets and maintained relevant internal control and export control measures in place to guide our general operations. Additionally, We had no sales to any comprehensively sanctioned countries any Entity List entities in violation of the Export Administration Regulations or other major sanction list targets during the Track Record Period and up to the Latest Practicable Date.

To promptly and efficiently obtain customer feedback and resolve customer complaints, we have developed our online customer service management system. Combined with our global hotline and on-site customer complaint handling mechanism, we are able to offer 24-hour real-time online and rapid offline customer service, allowing us to quickly respond to customer’s requests. During the Track Record Period, we have not received any material complaints and product returns from our customers.

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Major Customers

Revenue from our five largest customers for each year/period in during the Track Record Period accounted for approximately 73.8%, 57.0%, 45.6% and 52.4%, respectively, of our total revenue for the respective year/period. Revenue from our largest customer for each year/period in during the Track Record Period accounted for approximately 40.1%, 17.5%, 15.2% and 27.2% of our total revenue for the respective year/period. The tables below set out the basic information of our Group’s top five customers during the Track Record Period:

Year ended December 31, 2022

Customer	Transaction amount	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Payment/ Credit terms	Payment method	Major products purchased
	(approximate RMB millions)						
Customer A . . .	5,545.8	40.1%	2013	A company that primarily engages in R&D, production and sales of EV and energy storage systems (ESS) batteries, headquartered in Fujian, China and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	20%-30% deposit, 30%-40% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment
Customer B . . .	2,620.7	18.9%	2015	A company that primarily engages in R&D, production and sales of EV and ESS batteries, headquartered in Jiangsu, China and listed on the Hong Kong Stock Exchange	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment

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Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Payment/ Credit terms	Payment method	Major products purchased
Customer C . . .	1,114.1	8.1%	2015	A company that primarily engages in R&D, production and sales of consumer batteries, power batteries and energy storage batteries, headquartered in Guangdong, China and listed on the Shenzhen Stock Exchange	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment
Customer D . . .	505.8	3.6%	2020	A company that primarily engages in R&D, production and sales of lithium-ion batteries, providing solutions for new energy vehicle power and smart energy storage, headquartered in Zhejiang, China and listed on the Hong Kong Stock Exchange	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment

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Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Payment/ Credit terms	Payment method	Major products purchased
Customer E . . .	425.3	3.1%	2018	A company that primarily engages in design, R&D and sales of consumer electronics, computer software and online services, headquartered in the U.S. and listed on Nasdaq	45 days upon acceptance and receipt of invoice	Bank transfer	3C intelligent equipment
Total.	10,211.7	73.8%					

Year ended December 31, 2023

Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Payment/ Credit terms	Payment method	Major products purchased
Customer B . . .	2,878.3	17.5%	2015	A company that primarily engages in R&D, production and sales of EV and ESS batteries, headquartered in Jiangsu, China and listed on the Hong Kong Stock Exchange	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment

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Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Payment/ Credit terms	Payment method	Major products purchased
Customer A . . .	2,539.7	15.4%	2013	A company that primarily engages in R&D, production and sales of EV and ESS batteries, headquartered in Fujian, China and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	20%-30% deposit, 30%-40% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment
Customer C . . .	2,017.8	12.2%	2015	A company that primarily engages in R&D, production and sales of consumer batteries, power batteries and energy storage batteries, headquartered in Guangdong, China and listed on the Shenzhen Stock Exchange	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment

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Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Payment/ Credit terms	Payment method	Major products purchased
Customer F . . .	1,313.4	8.0%	2018	A company that primarily engages in R&D, production and sales of cells, modules and battery packs, as well as large-scale energy storage, unit energy storage, medium-sized energy storage, home storage, portable storage and other full range products, headquartered in Jiangsu, China	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment
Customer G . . .	654.0	3.9%	2022	A company that primarily engages in energy storage technology services, battery manufacturing and sales of battery and intelligent power transmission, distribution and control equipment, headquartered in Ningxia, China	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer	Intelligent logistics equipment
Total.	9,403.2	57.0%					

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Year ended December 31, 2024

Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Credit terms	Payment method	Major products purchased
Customer B . . .	1,787.4	15.2%	2015	A company that primarily engages in R&D, production and sales of EV and ESS batteries, headquartered in Jiangsu, China and listed on the Hong Kong Stock Exchange	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment
Customer I . . .	1,159.9	9.9%	2018	A company that primarily engages in R&D, production and sales of lithium-ion batteries for electric vehicles, headquartered in Sweden	30% deposit, 25% payment upon factory acceptance test, 25% delivery Payment and 20% payment upon site acceptance test	Bank transfer	Lithium-ion battery intelligent equipment
Customer A . . .	988.7	8.4%	2013	A company that primarily engages in R&D, production and sales of EV and ESS batteries, headquartered in Fujian, China and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment

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Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Credit terms	Payment method	Major products purchased
Customer H . . .	893.7	7.6%	2020	A company that primarily engages in R&D, production and sales of lithium-ion battery cells and modules for fully electric or hybrid electric vehicles, headquartered in France	30% deposit, 50% payment before shipment, 10% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer	Lithium-ion battery intelligent equipment
Customer F . . .	526.3	4.5%	2018	A company that primarily engages in R&D, production and sales of cells, modules and battery packs, as well as large-scale energy storage, unit energy storage, medium sized energy storage, home storage, portable storage and other full range products, headquartered in Jiangsu, China	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics equipment
Total.	5,356.0	45.6%					

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Nine months ended September 30, 2025

Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Credit terms	Payment method	Major products purchased
Customer A . . .	2,829.0	27.2%	2013	A company that primarily engages in R&D, production and sales of EV and ESS batteries, headquartered in Fujian, China and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	30% deposit payment, 30% payment before shipment, 30% acceptance payment and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment, intelligent logistics system
Customer J . . .	678.6	6.5%	2023	A company that primarily engages in the design, development, and manufacturing of lithium batteries, as well as providing battery pack solutions for various energy storage applications in automotive and industrial sectors, headquartered in South Asia	30% deposit payment, 40% payment before shipment, 20% acceptance payment and 10% warranty fulfillment payment	Bank transfer	Lithium-ion battery intelligent equipment
Customer M . . .	652.8	6.3%	2013	A company that primarily engages in the manufacture of lithium battery and provides rechargeable lithium-ion battery cells, packaging and system integration solutions.	30% deposit payment, 30% payment before shipment, 30% acceptance payment and 10% warranty fulfillment payment, or 30% deposit payment, 30% payment before shipment and 40% acceptance payment	Bank transfer or banks' acceptance bill	Lithium-ion battery intelligent equipment

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Customer	Transaction amount <i>(approximate RMB millions)</i>	Percentage to total revenue of our Group	Year of commencement of business relationship	Background and principal business activity	Credit terms	Payment method	Major products purchased
Customer N . . .	651.3	6.3%	2018	A company that primarily engages in the research, development, production, and sales of high-efficiency batteries and battery components; as well as providing distributed PV power station system solutions, headquartered in Shanghai, China and listed on the Shanghai Stock Exchange	30% deposit payment, 40% payment before shipment, 20% acceptance payment and 10% warranty fulfillment payment, or 30% deposit payment, 30% payment before shipment, 30% acceptance payment and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	PV intelligent equipment
Customer L . . .	636.2	6.1%	2020	A company that primarily engages in production, lease, sales of passenger vehicles including engines, power batteries, components and parts, as well as production equipment and after-sale service and technical service of its own products, headquartered in Shenyang, China	30% deposit payment, 50% payment before shipment, 10% acceptance payment and 10% warranty fulfillment payment	Bank transfer	Automotive intelligent production line

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During the Track Record Period, Customer A and its subsidiaries owned more than 5% of the Company’s share. The pricing relating the sales of our productions to Customer A and its subsidiaries were determined on the basis of arm’s length and negotiated with reference to historical and market transaction prices, taking into account various factors, including, but not limited to, the type of products and services, transaction volume and the prices for the sales of products of similar nature, type and quantity to Independent Third Parties in the market. As of the Latest Practicable Date, Customer A and its subsidiaries owned less than 5% of the Company’s share. To the knowledge of our Directors and save as disclosed, as of the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers in each year of the Track Record Period. One of our top five customers in 2024 is currently in reorganization and bankruptcy proceedings. We generated revenue from such customer of RMB242.3 million, RMB18.8 million, RMB1,159.9 million and RMB74.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, each accounting for less than 10% of our total revenue for the respective year. We proactively negotiated with and take measures against such customers and reached settlement agreements regarding respective outstanding purchase orders. The outstanding payment amount from such customer is insignificant after taken into the consideration of settlement agreement. Given (i) the outstanding balance from such customer during the Track Record Period had been insignificant; (ii) we have been carefully assessing and selectively entering into future business arrangement with such customer, we believe the aforementioned incident did not and will not have a material adverse impact on our business operations and financial conditions. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our Group did not have any material disputes with its customers or face any major return of defective products.

Pricing

The selling prices of our products are jointly determined by our cost center, finance department and the sales and marketing departments considering factors of labor cost, cost of raw components and price of comparable products and solutions in the market and are approved by the management team of the sales and marketing departments. Due to the highly customized nature of our offerings, prices may vary significantly based on material variations, design adaptations, and additional features required by individual customers. Before finalizing a quote, we engage in thorough communication with our customers to understand their technical and business needs and comprehensively assess the technological requirements of the products and solutions and the cost of potential substitutes. Given the diverse range of our product portfolio across multiple industries, each project is evaluated based on industry-specific factors, regulatory requirements, and unique customer demands, making standardized pricing less applicable. We constantly optimize our products based on market dynamics and technological innovation and employ various cost-reduction measures to provide products with price advantages. However, final pricing is often determined through individual negotiations, taking into account order volume, long-term partnership potential, customization complexity, and competitive positioning, resulting in case-by-case pricing tailored to each customer’s value perception.

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INTELLECTUAL PROPERTY

We consider our patents, trade secrets and other intellectual property rights to be some of the factors on which our business depends. We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patent, trademark, trade secret and other intellectual property laws in China and other countries. As of September 30, 2025, we had obtained 3,336 registered patents, including 533 invention patents, 2,703 utility model patents and 100 design patents, 306 software copyrights, 215 trademarks and 12 domain names in China.

We proactively manage our intellectual property portfolio to safeguard our innovations and maintain a competitive edge in the market. One of our primary measures is applying for patent protection for our core technologies, which enables us to secure exclusive rights and prevent unauthorized use. In addition to patents, we conduct international registration and expanded-scope registration for our registered trademarks, ensuring that our brand is protected on a global scale. We also pursue other proprietary legal rights for our technologies and products, fortifying our position against potential challenges.

To further protect our intellectual property rights, we take a multi-faceted approach that includes signing confidentiality agreements with our suppliers and trade secret protection agreements with our employees. These agreements are critical in safeguarding our trade secrets and sensitive information from disclosure. Additionally, we have established protocols for monitoring potential infringements of our intellectual property. This vigilance allows us to take prompt action against any violations, ensuring that our rights are upheld and our innovations are protected. By employing these comprehensive strategies, we effectively manage our intellectual property and foster an environment of innovation within our organization.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we were not aware of any legal proceedings preventing us from exploiting our intellectual property rights in a manner that would materially and adversely affect our business, or legal proceedings brought against us for infringement of intellectual property rights that would have a material adverse effect on our business, financial condition or results of operations.

INFORMATION TECHNOLOGY

Information technology systems are crucial for staying competitive and running efficiently. We use and maintain IT systems that grow alongside our business. These systems cover various aspects of our operations, such as inventory management, production, quality control, external relationship management, internal relationship management and operation management. Our IT team is responsible for developing and maintaining these systems to support our business growth and tailor them to our specific needs. Below, we describe our key information technology systems:

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ERP system. Our enterprise resource planning (“ERP”) system is based on SAP S4 HANA and serves as the foundation for our digital transformation. It integrates multiple business functions, including procurement, planning, production, quality management, research and development (R&D), sales, finance and cost management. It can deliver real-time data analysis and provide advanced tools that facilitate project management, data analysis and product life cycle management, helping to streamline operations, optimize processes and increase collaboration among departments. It supports strategic decision making, while optimizing resource allocation. By facilitating the management of key activities such as production planning, inventory management, procurement, supply chain operations and finance, our ERP system ensures compliance with industry regulations and standards, promoting seamless operations throughout our organization.

MES. Our manufacturing execution system (“MES”) is an essential component that serves as a critical link between the ERP system and our production operations. The MES encompasses key functionalities such as production scheduling, resource management, quality control, data collection and real-time monitoring of plant personnel, equipment and materials. By enabling timely inspections and assessments, the MES enhances production efficiency, reduces downtime and mitigates production errors, thus optimizing our manufacturing processes and improving resource utilization. Furthermore, the MES provides critical operational visibility, supports agile decision-making and facilitates smart manufacturing and lean production. Ultimately, this system strengthens our competitiveness and responsiveness to market demands.

SRM system. Our supplier relationship management (“SRM”) system is designed to optimize cooperations with our supplier and enhance procurement processes. It features comprehensive supplier evaluation tools, efficient contract management and performance monitoring based on relevant KPIs. The system promotes collaboration and communication with suppliers, incorporates risk management frameworks and offers data analytics for insights into supplier performance and spending trends. Additionally, the SRM system integrates seamlessly with existing ERP systems, ensuring cohesive information flow across departments, ultimately contributing to improved supplier relationships, enhanced efficiency and a competitive advantage in the marketplace.

CRM system. Our customer relationship management (“CRM”) system is designed to manage and analyze customer interactions and data throughout the customer lifecycle. Its primary functions encompass customer management, opportunity tracking, quoting, contract management, planning, payment collection and customer service. The system systematically organizes customer information, automates marketing tasks, tracks customer interactions and provides valuable insights into customer behavior and preferences. By integrating with application systems such as ERP and MES, information can be communicated and shared effectively. This enables us to enhance our internal collaborations between departments, personalize communications, optimize sales processes and, ultimately, enhance customer satisfaction.

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COMPETITION

We compete in the large and highly competitive new energy intelligent equipment market in China and globally. According to Frost & Sullivan, the global market size for lithium-ion battery intelligent equipment is expected to grow from RMB49.8 billion in 2024 to RMB137.2 billion in 2029 with a CAGR of 22.5%; the global market size for PV intelligent equipment market is expected to decrease from RMB176.9 billion in 2024 to RMB131.3 billion in 2029 with a CAGR of -5.8%; the global market size for intelligent logistics equipment is expected to grow from RMB133.9 billion in 2024 to RMB338.1 billion in 2029 with a CAGR of 20.3%.

We face potential competition with major Chinese and international manufacturers. In 2024, the aggregated market share of the top five players in global new energy equipment market reached 15.2%, in terms of revenue. We believe that our ability to be differentiated from our competitors depends upon many factors, including, but not limited to, our strategic business layout, predominant international presence, development strategy across sectors, industry-leading technological R&D and non-standard customization capabilities, strong partnerships with major customers, sustainable development models, experienced management team and sustainable talent incentive system.

See “Industry Overview” and “Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate — We may fail to maintain or improve our market position or respond successfully to changes in the competitive landscape.”

EMPLOYEES

As of September 30, 2025, we had a total of 15,165 full-time employees, among which 14,973 were located in China, 162 were located in Germany and 30 were located in other overseas regions. The following table sets out a breakdown of our employees by business function as of the same date:

Function	As of September 30, 2025	
	Number of Employees	Percentage
Manufacturing	8,019	52.9%
Sales	203	1.4%
R&D	4,116	27.1%
Finance	187	1.2%
Administration	195	1.3%
Operation Management	2,067	13.6%
Quality control	378	2.5%
Total	15,165	100.0%

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Our workforce comprises highly trained workers and professionals from various fields and academic backgrounds, engineering, finance and management many of whom have extensive knowledge and experience in the new energy equipment manufacturing business. To further enhance our talent pool and attract top candidates, we have established scholarships and hiring programs with top universities in China, including Tsinghua University. As of September 30, 2025, 43.6% of our employees held a bachelor’s degree or higher and 6.0% of our employees held a master’s degree or above. We enter into standard employment contracts and confidentiality agreements with our employees. We also enter into non-competition agreements with our key employees.

We value our employees and are committed to providing competitive compensation and benefits. Our compensation system consists of basic salaries, performance-based incentives and bonuses and other benefits such as housing allowances, catering and transportation benefits and holiday gifts. We participate in social security plans, including pension, unemployment insurance, childbirth insurance and medical insurance and housing funds. We have also implemented certain restricted share incentive schemes and stock option incentive plans.

We invest heavily in our employees and have developed sophisticated and systematic training programs to improve their skills and knowledge. We provide a variety of professional training to our employees at various levels according to their career development stages. The topics of our training programs include R&D, engineering, sales and marketing and leadership.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major labor dispute or disturbance that had interfered with our operations and we believe we maintain good employee relations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

ESG Concepts and Strategies

We attach great importance to environmental, social and governance (‘ESG’). By strengthening our internal governance and environmental and occupational health and safety management, we are committed to creating a healthy and safe working environment for all our employees. At the same time, we are committed to improving our equipment, facilities and production processes to save energy and reduce waste emissions, reflecting our adherence to green development. Our management system is certified as the ISO9001 quality management system, ISO45001 occupational health and safety management system, ISO14001 environmental management system, ISO50001 energy management system, ISO27001 information security management system and ISO37001 anti-bribery management system. We are also committed to compliance with laws and regulations and will comply with Appendix C2 of the Listing Rules requirements to publish an ESG report annually. At the beginning of 2024, we joined the UN Global Compact, signifying our commitment to the sustainable development of our business.

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ESG Governance

We highly value ESG-related governance and have formed an ESG Management Committee under the Company’s Board of Directors, which takes full charge of ESG governance. We implemented comprehensive management policies encompassing labor rights, business ethics, environmental protection and health & safety measures through our ESG Management Policy and the Guideline of the ESG Management Committee, and have established a system that includes compliance with laws and regulations and risk identification, as well as setting objectives, indicators and plans. The Board of Directors considers and approves ESG strategies and oversees the ESG Management Committee, while the ESG Management Committee directs and manages ESG work, monitors risks and opportunities and sets development strategies.

To ensure effective ESG communication, we’ve developed an ESG strategy with measurement and tracking mechanisms. We’ve established procedures for departmental objectives, including regular inspections. Training programs are planned to boost employees’ ESG understanding. Also, we’ll disclose ESG objectives and guidelines in the annual ESG report to enhance transparency.

ESG Risk Management and Opportunity Assessment

Natural disasters, epidemics, or other unforeseen events pose significant business risks. Such events could disrupt production and the supply chain, resulting in potential financial losses and work stoppages. Power shortages are a challenge as they could cause disruptions to the manufacturing process and delay deliveries. Stricter waste disposal requirements increase the likelihood of environmental contamination and regulatory violations, which could result in significant fines and reputational damage.

We attach importance to the construction of a risk management system and have formulated the risk management policy to identify, analyze, assess and prioritize the risks (including ESG-related risks) in our operations and to ensure that the Board of Directors, as the decision-making level of risk management in the Company, understands the material risks faced by the Company and keeps risks within acceptable levels.

Business Ethics and Anti-corruption

We attach importance to business ethics and integrity. We have built a compliance system and formulated policies such as the Integrity Management System and the Code of Business Conduct for Employees. We have set up a reporting channel to prevent and detect fraud, and our employees, customers, suppliers and other members of the community can report through telephone hotlines, e-mails and the WeChat Official Account. All reports are initiated in accordance with the approved investigation program, and after the investigation is completed, the findings are reported to the relevant management and a written report is filed. Audit and Inspection Department fully protects whistleblowers and all whistleblower information is strictly confidential.

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We require our suppliers to sign a Supplier Anti-Bribery Declaration, which they undertake in writing to comply with the ethical requirements set out in the declaration.

In April 2023, we joined the Trust and Integrity Enterprise Alliance as a member, while in December 2023, we were elected as a director of the China Enterprise Anti-Fraud Alliance.

During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any legal proceedings relating to corruption, bribery or fraud.

Environmental

Climate-related Risk Management and Response

We monitor climate change trends and weather forecasts, take appropriate precautions and establish Emergency Preparedness and Response Control Procedures. During the Track Record Period, we participated in the CDP (Carbon Disclosure Project), through which we submitted our performance and initiatives regarding climate change and water resources. We achieved a B-grade rating in the areas of climate and water security in 2024.

Physical Risks. Our business is subject to physical risks from extreme weather events such as typhoons and heavy rains. Such events may result in power outages, flooding and other disruptions. Such events may result in safety concerns, forced suspension of research and production activities and increased operating costs. The impact on our production capacity could be significant and result in delays and financial losses.

Transition Risks. We face transformation risks from the growing interest of regulators, investors and customers in our ESG performance. Ongoing ESG-related regulations raise the bar on corporate practices and disclosures regarding emissions, resource use and community relations. Investors emphasize ESG principles and incorporate corporate ESG performance into their investment decisions. At the same time, customers are becoming more environmentally conscious, preferring products designed and manufactured with green and sustainable elements.

Climate-related Opportunities. Potential policy changes and societal trends related to ESG, such as investors considering a company’s ESG performance in their investment decisions and customers’ preference for products that incorporate green elements in their design and manufacturing, also present opportunities for us. Our focus on developing green and low-carbon technologies enables us to capitalize on these trends.

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Protection of the Environment

Our operations comply with various existing applicable environmental laws and regulations promulgated by the PRC government that have a significant impact on our operations. We adhere to the environmental policy of caring for the earth, energy saving and consumption reduction, clean production and green environmental protection. We make continuous improvements, endeavor to minimize the negative impact of our business activities on the environment and ensure that our environmental protection work is legal and compliant. We have adopted the Environmental Management Policy as the program document for our environmental and occupational health and safety management, as well as the norms and guidelines for our internal ecological management and our commitment to external related parties. We have also formulated internal environmental protection management guidelines, such as Waste Gas Emission Management Regulations, Storm Water and Wastewater Management Procedures, Solid Waste Management Procedures, Chemical Control Operating Procedures and Noise Management Systems.

We focus on resource consumption, greenhouse gas emissions and waste disposal during our operations. We strive to optimize our routine practices to manage the environmental and climate-related risks arising from our business and manufacturing activities. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material fines or other penalties for breaches of relevant environmental, social and governance legislation.

Based on an analysis of publicly disclosed ESG emissions data from peer companies, our company demonstrates relatively lower levels of carbon emission intensity, waste discharge intensity, and resource consumption intensity compared to industry benchmarks.

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GHG emissions

Greenhouse gas emissions. Scope 1 and Scope 2 greenhouse gas (“GHG”) emissions from our day-to-day operations are primarily from electricity consumption, while our consumption of water resources and gas primarily stems from daily office operations and the staff canteen. We plan to include Scope 3 Greenhouse gas emissions in our subsequent annual ESG reports. The following table sets out the breakdown of Scope 1 and Scope 2 emissions for the years indicated:

Categories	Year ended December 31			Nine months ended September 30, 2025
	2022	2023	2024	
Scope 1 ¹ Greenhouse gas emissions (tons CO ₂ equivalent)	509.84	1,152.99	1,902.61	712.76
Scope 2 ¹ Greenhouse gas emissions (tons CO ₂ equivalent)	36,900.95	27,320.65	32,317.98	32,097.39
Scope 3 ² Greenhouse gas emissions (tonnes CO ₂ equivalent)	–	12,879,554.32	4,008,964.95	–
Total ³ (tons CO ₂ equivalent) . . .	37,410.80	12,908,027.96	4,043,185.54	32,810.14
GHG emissions intensity ⁴ (tons CO ₂ equivalent/millions in income)	2.70	1.73	2.91	3.16

Footnotes:

1. The above data does not include the Greenhouse gas emission data of the South China region in 2023. The Company started the carbon inventory work in 2023, considering that the impact of carbon emissions in the South China region is insignificant in this year.
2. Figures relating to Scope 3 GHG emissions were calculated in accordance with Appendix 2 to How to prepare an ESG Report: Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange, and referred to the standard of ISO 14064-1 “Specification with Guidance for the Quantification and Reporting of Greenhouse Gas Emissions and Removals at the Organizational Level”, combined with our internal records and best estimates. Scope 3 GHG emissions mainly include data on Indirect emissions from transportation, Indirect emissions from products and services utilized by the organization, as well as Emissions associated with the downstream use phase of the organization’s products.
3. The sum of the components may not equal the total due to rounding.
4. Emission intensity is calculated based on Scope 1 and Scope 2 carbon emission data.

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Key changes in carbon emission and the reasons are as follows:

- (a) The overall carbon emissions increased significantly from 2022 to 2023, primarily due to the inclusion of Scope 3 carbon emission data in the 2023 data collection scope;
- (b) Scope 1 and Scope 2 carbon emissions showed an annual upward trend. This is attributed to the expanded data collection scope covering two additional production sites in Zhuhai, leading to an overall increase in operational emissions. Furthermore, the refilling of heptafluoropropane fire extinguishers in 2024 contributed to this rise;
- (c) There was a decrease in Scope 3 carbon emissions from 2023 to 2024, primarily due to a reduction of sales in the volume of high-carbon-emission products.

Three-waste Management

In accordance with relevant national and local laws and regulations and taking into consideration the current situation of our company, we have formulated internal management policies for water, gas, noise and solid waste. We actively carry out environmental pollution control and waste emission management as well as regularly supervise and monitor the status of the “three wastes” (wastewater, waste gas and solid waste) emissions to ensure compliance with emission standards. Additionally, we continuously upgrade and retrofit our treatment facilities to meet higher standards. Furthermore, we have appointed third-party testing units to conduct tests on our water, gas and noise, all of which must meet the relevant emission standards. The following table sets out the breakdown of waste generated during the years indicated:

Categories	Year ended December 31			Nine months ended September 30, 2025
	2022	2023	2024	
Hazardous waste generation (tons)	92.39	91.08	67.98	30.33
Hazardous waste generation density (tons/millions in revenue)	0.01	0.01	0.01	0.00
Non-hazardous waste generation ¹ (tons)	969.19	977.83	1,062.09	2,846.10
Non-hazardous waste generation density (tons/millions in revenue)	0.07	0.06	0.09	0.27
Industrial wastewater discharge ² (thousands of tons)	—	—	—	—

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Categories	Year ended December 31			Nine months ended September 30, 2025
	2022	2023	2024	
Industrial wastewater discharge intensity (thousands of tons/millions revenue)	–	–	–	–
Exhaust emissions (tons)	0.16	0.22	0.13	0.09
Exhaust emission intensity (tons/millions in revenue) . . .	0.00	0.00	0.00	0.00

- Household waste is not included due to the fact that it is not weighed during actual disposal.
- The Company does not generate or discharge industrial wastewater, the main source of sewage is daily water usage of office operations.

Energy Management

Resource Consumption. Our daily resources are mainly electricity, water and natural gas. We actively promote energy conservation to reduce the use of resources. In 2024, we offset 7,000 megawatt-hours (MWh) of emissions from purchased electricity consumption in the previous year by applying for the I-REC (International Renewable Energy Certificate). The following table sets out the breakdown of electricity, water and natural gas consumed during the years/periods indicated:

Categories	Year ended December 31			Nine months ended September 30, 2025
	2022	2023	2024	
Electricity consumption ¹ (millions of kWh)	64.70	55.11	60.23	59.82
Power consumption intensity (millions of kWh/millions in revenue)	0.00	0.00	0.01	0.01
Water consumption (thousands of tons)	224.28	306.44	333.79	276.93
Water consumption intensity (kt/millions in revenue)	0.02	0.02	0.03	0.03
Natural gas use (thousands of cubic meters)	235.83	180.91	105.95	67.64
Natural gas intensity of use (thousands of cubic meters/millions in revenue) . .	0.02	0.01	0.01	0.01

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Footnote:

1. The electricity consumption shown is that of mainland China, overseas consumption is excluded due to its small proportion.

Targets and Measures

We have established quantitative targets and implemented various measures to reduce environmental, social and climate-related impacts on our business. Our quantitative targets include consistently maintaining zero major safety incidents as defined by current regulations, zero environmental incidents, achieving carbon peaking at the company’s core operational level by the end of 2030, and achieving carbon neutrality at the core operational level by the end of 2035.

In terms of energy consumption, our targets within the next three years are as follows:

- (1) Reduce electricity consumption by 10% per RMB million of output value compared to 2024 levels, while increasing the proportion of green electricity usage to 15%.
- (2) Decrease gas consumption in our self-operated business by 5% per RMB million of output value compared to 2024 levels.
- (3) Maintain water consumption per thousand employees within (+/-)5% of 2024 levels.

In support of these objectives, we conducted our first carbon inventory in 2024 and obtained an ISO14064 Greenhouse Gas Verification Statement. In daily operation, we have implemented a series of measures across our supply chain management, research and development, production and digital transformation, specifically including the following:

- (1) Supply chain management

We have integrated environmental standards into our supplier selection process to ensure compliance with our policies on energy conservation, emission reduction, clean production and green environmental protection.

- (a) *Raw Material Procurement:* For the procurement of raw materials such as cables, wires, and components, we strictly adhere to relevant EU requirements, including the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), to rigorously control hazardous substances and manage pollutant emissions from the source.

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- (b) *Supplier Onboarding and Selection*: The company has established supplier management policies and procedures. During the supplier onboarding process, a comprehensive evaluation is conducted on the supplier’s delivery quality, social responsibility, and technological capabilities, with priority given to suppliers whose values align with the company’s development philosophy.
 - (c) *Continuous Evaluation and Tiered Management*: The company regularly assesses suppliers based on dimensions such as product quality, environmental impact, and social impact. Suppliers are then tiered and provided with corresponding support policies based on their performance.
- (2) R&D

We are committed to optimizing and innovating green product design. By substituting high-carbon raw materials, reducing product consumables and optimizing manufacturing processes, we have developed low-energy, high-efficiency products that reduce the carbon footprint from the source.

Leveraging our deep technical expertise and innovative capacity, we have developed a high-precision, high-efficiency and highly intelligent large-width lithium-ion extrusion coating machine. This machine adopts various energy-saving measures, such as insulation optimization, return-air compensation technology and negative-pressure make-up air technology, and the machine not only achieves more efficient production but also helps us practice our green commitment to sustainability development.

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(3) Production equipment upgrades

In the production process, we have reduced the environmental impact of our processes by adopting equipment innovations to achieve energy savings.

Equipment	Specific action	Purpose
1. Air-pressure system . .	Dynamic inspection through the Mogulinker platform provides data for energy efficiency optimization	Achieving reductions in energy consumption
2. Air-conditioning system	Implementation of seasonal habitual temperature control standards (26°C set for summer $\geq$ 30°C, 20°C set for winter $\leq$ 5°C)	Optimization of shop floor air conditioning as a percentage of electricity consumption
3. Engineering vehicle . .	100% conversion of engineering vehicles to electrified mode in domestic production bases/facilities	Building low-carbon transportation
4. In-plant recycling packaging system	Implementation of recycled crates as an alternative to wooden pallets	Reducing wood consumption and decreasing carbon emissions
5. Full life cycle management of plastic pallets	Implementation of plastic pallets to replace traditional wooden pallets	Reducing material loss

SOCIAL RESPONSIBILITY

Product Responsibility

Based on market demands and integrating the advanced quality management experience in industry, to fulfill the quality philosophy of ‘craftsmanship, excellence and the pursuit of excellence, perfect delivery,’ we have established a comprehensive quality management system of the whole life cycle, from supply chain management to after-sales service, clarified the quality objectives and assessment mechanism and consolidated quality responsibilities at each stage. Meanwhile, the company has independently built a Whole-process Quality Management System, constructing a whole-process quality management platform based on R&D quality,

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design quality, supply chain quality, processing and assembly quality and commissioning service quality, from the incubation stage of product design to the delivery site, while realizing 100% quality traceability and control of each product through the system.

We are committed to protecting the security of data generated during or in connection with the operation of our business, including our company and transactions with our customers, and have policies in place to implement data security measures to ensure the security of data relating to our business and transactions with our customers. In addition, we take technical and organizational measures to regulate our sales and marketing activities in compliance with applicable laws and regulations in the jurisdictions in which we operate.

Diversity, Equality and Inclusion

We are committed to providing and maintaining a healthy and safe workplace for our employees. We are certified by the ISO45001 Occupational Health and Safety Management System to minimize occupational health and safety risks and to safeguard the well-being of our employees and the surrounding community. Through the Management Manual, Emergency Preparedness and Response Control Procedures, Safety Incident Management Procedures and various other procedural documents and management practices, we set out in detail our operating practices, emergency plans, hazardous chemical safety management and pollution prevention measures.

To ensure compliance with applicable laws and regulations, we conduct EHS training sessions for our employees through our internal policies. The training is conducted through a combination of online and offline means to ensure comprehensive and convenient coverage. During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any work-related fatalities or significant work-related injuries or penalized for any major non-compliance with work safety laws and regulations.

Responsible Procurement

We attach great importance to supplying chain management and have formulated systems and norms, such as Supplier Management Procedures and Procurement Management Procedures, to standardize supplier management, define the access standards of new suppliers and carry out supplier qualification assessment and evaluation regularly, to ensure that suppliers carry out the company’s environmental and social responsibility requirements.

We have taken the following measures to ensure that our suppliers take environmental and social responsibility seriously.

We have established a comprehensive supplier access assessment mechanism, including written investigation and confirmation of the essential qualifications of suppliers before introducing new suppliers, organizing various relevant departments to participate in audits in collaboration with each other and comprehensively assessing the suppliers’ delivery capability, cost capability, technical capability, quality and after-sales service and corporate social

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responsibility. At the same time, we signed Supplier Confidentiality Agreements and Quality Assurance Agreements with qualified suppliers and continuously strengthened our management through regular audits after cooperation. We conduct annual audits of our suppliers, whereby purchasing and technical personnel jointly score and evaluate them based on an audit form, checking their operating environment, process and artistry quality, etc.

We attach great importance to responsible sourcing and have formulated the Supplier Sustainability Commitment, requiring suppliers to comply with the Supplier Code of Conduct, sign the Statement of Requirements for Restricted Substances and Candidate Substances for the control of restricted substances and refrain from purchasing conflict minerals for the management of responsible minerals.

We conducted the Global Supplier Conference and the Supplier Quality Conference in February and September 2023, respectively, for supplier quality management and total empowerment.

Community Contribution

We attach great importance to social responsibility and actively contribute funds and materials to support rural revitalization, care for the elderly and disabled and assist in education, among other areas. Our supported projects include establishing the “Wang Yanqing Scholarship” at six key universities (Harbin Institute of Technology, Southeast University, Huazhong University of Science and Technology, Nanjing University of Science and Technology, China University of Mining and Technology and Hefei University of Technology) from 2021 to 2023. Additionally, we have set up a charity fund to assist employees facing financial difficulties. Furthermore, we actively participate in community activities. In 2023, we made multiple visits to Hongqi Community and Tangnan Community in Xinwu District to provide life care for elderly people living alone.

PROPERTIES

We own and lease properties in the PRC and overseas for the use of manufacturing, R&D and office purposes. As of the Latest Practicable Date, all our production facilities were based in China. Our headquarters are located in Wuxi, Jiangsu Province, China.

Owned Properties

As of September 30, 2025, we held the land use rights of 24 parcels of land with an aggregate site area of approximately 397,325.93 m² in China. All of these land parcels have been granted land use right certificates. As of September 30, 2025, we owned 23 properties in China with a total gross floor area of approximately 579,848 m². These land parcels and properties are primarily used for business operations, production and warehousing purposes. We have obtained all title certificates for these properties in China.

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Leased Properties

As of September 30, 2025, we leased 19 properties in China with an aggregate gross floor area of approximately 517,327.5 m² that are primarily used for office and production purposes, and one property in Germany with an aggregate gross floor area of approximately 769 m² that is primarily used as office space. The leases generally have a term ranging from one to five years.

As of the Latest Practicable Date, all lease agreements of the Group were not registered with the appropriate government authorities. As advised by our PRC Legal Advisor, failure to complete the registration of the lease agreements may result in a fine on the relevant entity ranging from RMB1,000 to RMB10,000 imposed by the relevant authorities. During the Track Record Period, in relation to the aforementioned leased properties, we have not been penalized or fined by the relevant authorities. Our PRC Legal Advisor is of the view that the aforementioned failure to complete the registration of the lease agreements will not have a material adverse impact on our business operations. The failure to complete the registration of the lease agreements does not affect the validity of the lease agreements, nor does it affect our normal use of the leased property, and it will not have a major impact on our production and operations. Therefore, we believe that the failure to complete the registration of the lease agreements will not materially and adversely affect our business, the results of operations or our financial condition.

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

INSURANCE

We have in place the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. We maintain property risks insurance to protect the loss of fixed assets such as machinery, equipment and inventory due to events such as theft and natural disasters. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing provident funds. During the Track Record Period and up to the Latest Practicable Date, we did not file any material insurance claims in relation to our business. See “Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate — The insurance coverage we have may not adequately protect us against all operating risks.”

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LICENSES AND APPROVALS

We are subject to regular inspections, examinations and audits by local regulators and are required to obtain various permits, licenses, approvals and certifications from governmental authorities as required under the laws and regulations of jurisdictions where we operate. During the Track Record Period and up to the Latest Practicable Date, we had obtained the requisite licenses, approvals and permits from applicable authorities that are material for our operations, and such licenses, permits, approvals and certificates were valid and effective. We had not experienced any material difficulty in obtaining and/or renewing such licenses, approvals and permits.

Set forth below is a list of material permits, licenses and filings held by us as of the Latest Practicable Date:

License/Filing/Qualification	Holder	Expiration date
Consignee and Consignor of Import/Export Goods	the Company, Wuxi Guangdao, Jiangsu Lead Technology Co., Ltd, Jiangsu Qingdao Intelligent, Jiangsu Andao Intelligent Equipment Co., Ltd., Zhuhai Titan and Guangdong Beidao	N/A
Radiation Safety License	the Company	October 30, 2028
Stationary Pollution Source Discharge Registration	the Company	June 12, 2029
Stationary Pollution Source Discharge Registration	Zhuhai Titan	November 8, 2025
Stationary Pollution Source Discharge Registration	Zhuhai Lead New Power Electronics Co., Ltd	November 29, 2027

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

We may, from time to time, become a party to various litigation, 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 material litigation, arbitration or administrative proceedings pending or threatened against us or any of our directors that could have a material or adverse effect on our business, our financial condition or the results of operations.

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Regulatory Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in China during the Track Record Period and up to the Latest Practicable Date. Our German law advisor is of the view that we had complied with relevant German laws and regulations during the Track Record Period and up to the Latest Practicable Date.

Legal Proceedings

We are, from time to time, party to court, arbitral and administrative proceedings arising in the ordinary course of our business operations. During the Track Record Period and up to the Latest Practicable Date, we and our major subsidiaries are not involved in any court, arbitral or administrative proceedings that we believe may be of material importance to our assets and liabilities or profits and losses nor, so far as we are aware, are any such proceedings pending or threatened. See “Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate — We may be involved in legal and other disputes and claims from time to time arising from our operations and any litigation, legal and contractual disputes, claims or administrative proceedings against us and any failure to comply with relevant laws and regulations may expose us to legal risks.”

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to managing our procurement and production, as well as monitoring our sales performance and product quality.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted, or will continue to adopt, among other things, the following risk management measures:

Governance and Structure:

- A robust corporate governance structure with clearly defined roles and responsibilities for the board of directors, Supervisory Committee and management; this includes established rules and regulations for shareholder meetings, board meetings and Supervisory Committee meetings; and
- a well-defined organizational structure with clearly defined responsibilities for each department.

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Control Procedures:

- **Risk-based approach:** Internal controls are implemented based on a risk assessment of our operations. High-risk areas (such as procurement, sales and investment) receive particular attention.
- **Transaction authorization:** Clear authorization procedures are in place for transactions, categorized by the transaction amount and nature. Significant transactions require higher-level approval (board of directors' or shareholders' meetings).
- **Segregation of duties:** Responsibilities are separated to prevent errors and fraud. Examples include separating procurement, accounting and warehousing functions.
- **Documentation and record-keeping:** Detailed documentation and records are maintained for all transactions.
- **Asset management:** Controls are in place for safeguarding assets, including regular inventory checks and reconciliations.
- **Internal audit:** Regular internal audits and monitoring by the audit committee and a dedicated audit department ensure compliance and identify potential issues.
- **Specific control procedures:** Detailed control procedures are outlined for sales and collections, procurement and payments, production and inventory, major decision-making, asset management and related party transactions.

Compliance:

- Our internal control system is designed to comply with relevant laws, regulations and accounting standards.

We have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies and areas for improvement, provide recommendations and review the implementation status of these remedial actions. To ensure the above compliance culture is embedded into everyday workflow and sets the expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally and conduct compliance training. Our Directors are of the view that our enhanced internal control system is adequate and effective for our current operations.

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DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We are committed to ensuring data privacy and information security. We do not engage in collecting private information through public channels such as operational websites or apps, and the data we collect is limited. In the course of conducting our business, the only privacy data we collect mainly pertains to employee information, customer and supplier contact information, and other data necessary for operation and management. We make sure to obtain adequate authorization and consent from our employees, customers, and suppliers for collecting and processing their private information.

We have implemented robust protective measures for the privacy data we collect. These measures include (i) establishing internal control systems including data security management system. These systems clearly stipulate our management of data confidentiality, data approval authority, data classification and grading, data backup and recovery, and encryption strategy change management, and we have effectively implemented and executed these systems; (ii) strictly minimizing the access and circulation rights of private information and requiring stringent system authorization for the use of such information; (iii) adopting technical measures such as encryption and anti-leakage to protect information; and (iv) establishing an information security management system to ensure information security. In particular, we strictly limit the access to, and management of, our employees’ personal information database to our dedicated personnel to further safeguard our information security from unauthorized internal access.

We also collect operational data through software embedded on the intelligent manufacturing equipment supplied to our customers upon their specific requests as part of our after-sale service. We store these operational data solely for the purpose of assisting our customers with production line adjustments and upgrades through further data analysis. During the Track Record Period, the Company and any of its subsidiaries had not (i) received any breach or non-compliance notices from cybersecurity, data protection, or confidentiality authorities; (ii) faced any compensation claims under data protection laws for data inaccuracies, loss, or unauthorized actions; (iii) been subjected to investigations or sanctions related to data privacy or cybersecurity by relevant authorities; (iv) received any communication regarding warnings or sanctions under the PRC Cybersecurity Law or EU General Data Protection Regulation 2016/679; (v) been aware of any pending investigations, actions, or claims concerning cybersecurity or data protection; (vi) had any warrants issued for premises searches by authorities related to cybersecurity or data protection.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of operating or transaction data and were not involved in any cross-border data transactions. Over the same period, as advised by our PRC Legal Advisor on applicable PRC laws and regulations and by our German Legal Advisor on applicable German laws and regulations, we are of the view that we have complied in all material respects with data protection and privacy, cybersecurity and cross-border data transfer laws and regulations in the PRC and Germany.

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AWARDS AND RECOGNITIONS

We have received a number of awards and recognitions since our establishment with respect to our brand, business operations, products and corporate responsibility achievements. The following table sets out a selection of the significant awards and recognitions that we have received during the Track Record Period.

Year	Awards and Recognitions	Issuing Authority
2025 . . .	China’s Top 500 Most Valuable Manufacturing Listed Companies	SASAC Research Institute for Economic Management of Machinery Industry, China Association of Equipment Management and China Heavy Machinery Industry Association
2025 . . .	2025 Hurun China Enterprises Top 500	Hurun Research Institute
2025 . . .	Jiangsu Charity Star	Jiangsu Charity Federation
2025 . . .	S&P Global Sustainability Yearbook Industry Mover Award	S&P China
2025 . . .	Zero-Carbon Earth — Singularity Award	YICAI
2025 . . .	Top 50 Innovative Companies in China	Forbes China
2024 . . .	Top 30 Globalization Brands in China	Forbes China
2024 . . .	Top 500 Private Manufacturing Enterprises in China	All-China Federation of Industry and Commerce
2024 . . .	Fortune China Technology Top 50 in 2024	Fortune Magazine
2024 . . .	Fortune China’s Globalization Future Rising Star	Fortune Magazine
2024 . . .	China Enterprise Carbon Neutrality Performance Ranking — Green Supply Chain Management Award	China Business Network

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Year	Awards and Recognitions	Issuing Authority
2024 . . .	ESG Innovation Award	Guancha.cn
2023 . . .	Jiangsu Province Green Factory	Jiangsu Provincial Department of Industry and Information Technology
2023 . . .	Jiangsu Province Outstanding Enterprise	Jiangsu Provincial People’s Government
2023 . . .	Top 500 Global New Energy Companies in 2023	China Energy Economic Research Institute
2023 . . .	2023 Hurun China Energy Enterprises Top 100	Hurun Research Institute

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will consist of seven Directors, comprising four executive Directors and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

DIRECTORS

The following table provides information about our Directors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. WANG Yanqing (王燕清)	58	Executive Director, chairman of the Board and general manager	April 2002	April 2002	Overall strategic planning, business development and management of our Group
Mr. WANG Jianxin (王建新)	56	Executive Director	April 2002	December 2011	Overall strategic planning and management of our Group
Mr. YOU Zhiliang (尤志良)	57	Executive Director and employee representative Director	April 2006	December 2011	Overall strategic planning and management of our Group
Mr. WANG Lei (王磊)	31	Executive Director	February 2018	February 2018	Overall strategic planning and management of our Group
Ms. ZHANG Mingyan (張明燕)	68	Independent non-executive Director	February 2021	February 2021	Supervising and providing independent opinion and judgment to the Board
Mr. DAI Jianjun (戴建軍)	54	Independent non-executive Director	May 2022	May 2022	Supervising and providing independent opinion and judgment to the Board
Ms. WONG Sze Wing (黃斯穎) . .	46	Independent non-executive Director	November 2025	November 2025	Supervising and providing independent opinion and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Yanqing, our executive Director, chairman of the Board, general manager and a member of our Single Largest Group of Shareholders, is (i) the father of Mr. WANG Lei, our executive Director, and (ii) the cousin of Mr. WANG Jianxin, our executive Director. Save for the aforementioned relationships, none of our Directors or members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; and (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Executive Directors

Mr. WANG Yanqing (王燕清), aged 58, is our executive Director, chairman of the Board and general manager. Mr. Wang is primarily responsible for the overall strategic planning, business development and management of our Group, and serving as the chairperson of the Strategy Committee and a member of the Nomination Committee.

Mr. Wang has extensive experience in the field of equipment manufacturing industry. Mr. Wang founded our Company in April 2002 and has served as an Director, chairman of the Board and general manager of our Company since then. Prior to founding our Group in 2002, Mr. Wang had served as an assistant equipment engineer at a radio factory in Wuxi and worked at a condenser equipment factory. Mr. Wang completed the courses of New Era Entrepreneur Development Program (新時代民營企業家培養計劃) at Tsinghua University (清華大學) in November 2020, and graduated from Changzhou Radio Industrial School (常州無線電工業學校) majoring in mold design and manufacturing in July 1986.

Mr. WANG Jianxin (王建新), aged 56, is as our executive Director. Mr. WANG Jianxin is responsible for the overall strategic planning and management of our Group, and serving as a member of the Remuneration and Appraisal Committee.

Mr. WANG Jianxin joined our Group as the manager of procurement department of our Company in April 2002 and was appointed as our Director in December 2011. He currently also serves as supervisors in certain of our subsidiaries. He also served as our deputy general manager from December 2011 to February 2021.

Prior to joining our Group, Mr. WANG Jianxin worked at Wuxi Electric Power Capacitor Factory (無錫電力電容器廠). He also worked at Wuxi Industrial Boiler Factory (無錫工業鍋爐廠) from January 1992 to February 2002.

Mr. WANG Jianxin obtained his bachelor's degree in thermal energy engineering from Jiangsu Institute of Technology (江蘇工學院) in the PRC in July 1990.

DIRECTORS AND SENIOR MANAGEMENT

Mr. YOU Zhiliang (尤志良), aged 57, is our executive Director and employee representative Director. Mr. You is primarily responsible for the overall strategic planning and management of our Group, and serving as a member of the Strategy Committee.

Mr. You joined our Group in April 2006 and was appointed as our Director in December 2011. He currently also serves as a supervisor at Jiangsu Lead Huineng Technology Research Co., Ltd. (江蘇先導匯能技術研究有限公司), a subsidiary of our Company. He also served as our deputy general manager from April 2006 to February 2018. Prior to joining our Group, Mr. You worked at Wuxi Tongrong Electronics Co., Ltd. (無錫通容電子有限公司) from August 1988 to March 2006.

Mr. You obtained a technical secondary school diploma in electronic components from Huaiyin Electronic Industrial School (淮陰電子工業學校) in the PRC in July 1988.

Mr. WANG Lei (王磊), aged 31, is our executive Director. Mr. WANG Lei is primarily responsible for the overall strategic planning and management of our Group.

Mr. WANG Lei joined our Group and was appointed our Director in February 2018. Mr. WANG Lei has served as the chairman of the board of directors at Jiangsu Leadmicro Nano Technology Co., Ltd. (江蘇微導納米科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688147), since October 2018. Mr. WANG Lei worked at Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太信息科技有限公司) from September 2017 to February 2018 and CKD (China) Co., Ltd. (喜開理(中國)有限公司) from June 2017 to September 2017.

Mr. WANG Lei obtained his bachelor’s degree from Rutgers, The State University of New Jersey in the United States in January 2017.

Independent non-executive Directors

Ms. ZHANG Mingyan (張明燕), aged 68, is our independent non-executive Director. Ms. Zhang is primarily responsible for supervising and providing independent opinion and judgment to the Board, and serving as the chairperson of the Audit Committee and a member of the Remuneration and Appraisal Committee and the Nomination Committee.

Ms. Zhang joined our Group and was appointed as our independent Director in February 2021. She served as an independent director at Xinyaqiang Silicon Chemistry Co., Ltd. (新亞強硅化學股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603155), from November 2018 to January 2025, and an independent director at Anshun Holdings Co., Ltd. (安順控股股份有限公司) since December 2021.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhang worked at Nanjing University of Science and Technology (南京理工大學), Taizhou Institute of Science and Technology of Nanjing University of Science and Technology (南京理工大學泰州科技學院), Pujiang Institute of Nanjing University of Technology (南京工業大學浦江學院), Suzhou Gaobo Software Vocational and Technical College (蘇州高博軟件職業技術學院), and Nanjing Audit University Jinshen College (南京審計大學金審學院).

Ms. Zhang also held positions at several companies listed on the Shanghai Stock Exchange, including an independent director at Nanjing Xixia Construction Co., Ltd. (南京棲霞建設股份有限公司) (stock code: 600533), from October 2012 to October 2018, an independent director at Nanjing Canatal Data Centre Environmental Tech Co., Ltd. (南京佳力圖機房環境技術股份有限公司) (stock code: 603912), from October 2015 to October 2021, and an independent director at North Electro-Optic Co., Ltd. (北方光電股份有限公司) (stock code: 600184) from March 2016 to May 2023. Ms. Zhang also served as a director at Everbright Sun Life Insurance Co., Ltd. (光大永明人壽保險有限公司).

Ms. Zhang obtained her bachelor’s degree in accounting from Dongbei University of Finance and Economics (東北財經大學) in the PRC in July 1982.

Mr. DAI Jianjun (戴建軍), aged 54, is our independent non-executive Director. Mr. Dai is primarily responsible for supervising and providing independent opinion and judgment to the Board, and serving as the chairperson of the Nomination Committee and a member of the Strategy Committee and the Audit Committee.

Mr. Dai joined our Group and was appointed as our independent Director in May 2022. Mr. Dai currently serves as a senior partner at Jiangsu Zhibang Law Firm (江蘇致邦律師事務所), where he has served as a practicing lawyer since October 1996. He has also served as a supervisor at Nanjing Sample Technology Co., Ltd. (南京三寶科技股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 01708), since August 2003. Additionally, he also served as an independent director at Nanjing Canatal Data-Centre Environmental Tech Co., Ltd. (南京佳力圖機房環境技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603912) from October 2015 to October 2021, and served as an independent non-executive director at Nanjing Sample Technology Co., Ltd. from October 2006 to October 2012. Mr. Dai also worked at Southeast University (東南大學).

Mr. Dai received his bachelor’s degree in economic administration from Party School of C.P.C. Jiangsu Committee (中共江蘇省委黨校) in the PRC in July 2010. Mr. Dai qualified as a practicing lawyer in the PRC in 1996.

Ms. WONG Sze Wing (黃斯穎), aged 46, is our independent non-executive Director. Ms. Wong is primarily responsible for supervising and providing independent opinion and judgment to the Board, and serving as the chairperson of the Remuneration and Appraisal Committee and a member of the Audit Committee.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wong has served as the chief financial officer and company secretary of AirPower Technologies Limited (氣體動力科技有限公司) (formerly known as Yingde Gases Group Company Limited (盈德氣體集團有限公司) which previously listed on the Main Board of the Stock Exchange) since February 2009. Prior to that, she served as the chief financial officer of Orange Sky Entertainment Group (International) Holding Company Limited (橙天娛樂集團(國際)控股有限公司) from August 2007 to July 2008, and worked at PricewaterhouseCoopers from September 2001 to October 2006 with last position as a manager.

Ms. Wong also currently serves as independent non-executive director at several companies listed on the Main Board of the Stock Exchange, including REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司) (stock code: 00666) since November 2022, Giant Biogene Holding Co., Ltd. (巨子生物控股有限公司) (stock code: 02367) since April 2022, Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司) (stock code: 01526) since June 2016 and Orange Sky Golden Harvest Entertainment (Holdings) Limited (橙天嘉禾娛樂集團(國際)控股有限公司) (stock code: 01132) since April 2010. Ms. Wong also served as an independent non-executive director at Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 01772) and the Shenzhen Stock Exchange (stock code: 002460), from July 2018 to April 2024, an independent director at Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002236), from May 2017 to August 2020, an independent director at Wangsu Science and Technology Co., Ltd. (網宿科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 300017), from April 2017 to June 2023, and an independent non-executive director of Xinjiang La Chapelle Fashion Co., Ltd., a company previously listed on the Main Board of the Stock Exchange (stock code: 06116, and subsequently delisted in November 2024), from January 2021 to June 2021.

Ms. Wong obtained a bachelor’s degree in business administration from the University of Hong Kong (香港大學) in Hong Kong in November 2001. She also obtained an EMBA from the China Europe International Business School (中歐國際工商學院) in the PRC in July 2012. Ms. Wong is also a member of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Principal roles and responsibilities
Mr. WANG Yanqing (王燕清).	58	Executive Director, chairman of the Board and general manager	April 2002	April 2002	Overall strategic planning, business development and management of our Group
Dr. YAO Yao (姚遙).	36	Deputy general manager and Board secretary	September 2023	September 2023	Investment and financing planning, board matters and securities affairs of our Group
Mr. NI Hongnan (倪紅南).	52	Deputy General Manager	December 2011	February 2006	Production management of our Group
Mr. SUN Jianjun (孫建軍).	47	Deputy General Manager	May 2013	December 2009	Research and development of our Group
Ms. GUO Caixia (郭彩霞).	47	Chief Financial Officer	May 2023	January 2021	Overall financial management of our Group

Mr. WANG Yanqing (王燕清), is our executive Director, chairman of the Board and general manager. See “— Directors” in this section for his biographical details.

Dr. YAO Yao (姚遙), aged 36, is our deputy general manager and Board secretary. He is primarily responsible for the investment and financing planning, Shareholders’ general meetings, Board matter and securities affairs of our Group.

Dr. Yao joined our Group in September 2023 and has served as our deputy general manager and Board secretary since then. Prior to joining our Group, from June 2021 to August 2023, Dr. Yao served as the deputy general manager at Shanghai Milkground Food Tech Co., Ltd. (上海妙可藍多食品科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600882). From March 2020 to June 2021, Dr. Yao served as the executive general manager of the investor relations department at Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600655). From June 2015 to February 2020, Dr. Yao also successively served as industry researcher and chief analyst at GF Securities Co., Ltd. (廣發證券股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 01776) and the Shenzhen Stock Exchange (stock code: 000776).

DIRECTORS AND SENIOR MANAGEMENT

Dr. Yao obtained his doctorate degree in structural engineering from Princeton University in the United States in June 2015 and his bachelor’s degree in civil engineering from Harbin Institute of Technology (哈爾濱工業大學) in July 2010. He also possesses board secretary qualifications from both the Shenzhen Stock Exchange and the Shanghai Stock Exchange.

Dr. Yao was honored with numerous awards, including New Fortune Gold Medal Board Secretary (新財富金牌董秘), New Fortune Magazine Best Board Secretary (新財富雜誌最佳董秘), China Listed Companies Yinghua Award Outstanding Board Secretary (中國上市公司英華獎優秀董秘), China Listed Companies Sunshine Board Secretary (中國上市公司陽光董秘), Cailian Press Elite Board Secretary (財聯社精英董秘) and Shanghai Securities News Eagle Gold Quality Outstanding Board Secretary (上證鷹金質量優秀董秘).

Mr. NI Hongnan (倪紅南), aged 52, is our deputy general manager. He is primarily responsible for the production management of our Group.

Mr. Ni joined our Group in February 2006 and was appointed as our deputy general manager in December 2011. From February 2006 to November 2011, he successively served as the director of the assembly workshop and manager of our production department. Prior to joining our Group, from March 2000 to January 2006, Mr. Ni served as the head of the equipment department at Wuxi Qiangsheng Steel Co., Ltd. (無錫市強盛鋼鐵有限公司). From August 1992 to February 2000, Mr. Li served as a technician at Wuxi Xingfa Light Steel Plant (無錫市興發輕鋼廠).

Mr. Ni obtained his college diploma in electrical automation from Jiangnan University (江南大學) in the PRC in July 1994.

Mr. SUN Jianjun (孫建軍), aged 47, is our deputy general manager. He is primarily responsible for the research and development of our Group.

Mr. Sun joined our Group in December 2009 and was appointed as our deputy general manager in May 2013. From December 2009 to May 2013, he served as a mechanical engineer at our Company. Prior to that, he worked at Hoerbiger (Wuxi) Automation Technology Co., Ltd. (賀爾碧格(無錫)自動化技術有限公司) from February 2007 to January 2010. From January 2001 to January 2007, he worked at Hitachi Maxell (Wuxi) Co., Ltd. (日立麥克賽爾(無錫)有限公司). From February 2000 to October 2000, he worked at Jiangsu Xinsu Machinery Manufacturing Co., Ltd. (江蘇新蘇機械製造有限公司).

Mr. Sun obtained his bachelor’s degree in mechanical design and manufacturing from China University of Mining and Technology (中國礦業大學) in the PRC in July 1999.

Ms. GUO Caixia (郭彩霞), aged 47, is our chief financial officer. She is primarily responsible for the overall financial management of our Group.

Ms. Guo joined our Group in January 2021 and was appointed as our chief financial officer in May 2023. From January 2021 to April 2023, Ms. Guo served as the director of financial management department of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, she served as the financial director at ZYF Lopsking Material Technology Co., Ltd. (中億豐羅普斯金材料科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002333), served as the head of group financial department at Yadea Technology Group Co., Ltd. (雅迪科技集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 01585), and worked at Midea Group Co., Ltd. (美的集團股份有限公司), a company listed on the Main Board of the Stock Exchange (Stock code: 00300) and the Shenzhen Stock Exchange (stock code: 000333).

Ms. Guo is currently pursuing a doctorate degree in business administration at Paris School of Business in France. She obtained her bachelor’s degree in economics and bachelor’s degree in law from Jiangxi University of Finance and Economics (江西財經大學) in September 2000.

JOINT COMPANY SECRETARIES

Dr. YAO Yao (姚遙), has been appointed as our joint company secretary on January 27, 2025. See “— Senior management” above for Mr. Yao’s biography.

Ms. HO Wing Nga (何詠雅), has been appointed as our joint company secretary on January 27, 2025.

Ms. Ho has over 25 years of experience in corporate governance services. She currently serves as the Managing Director, Entity Solutions of Computershare Hong Kong Investor Services Limited and the joint company secretary and company secretary for various companies listed on the Stock Exchange.

Ms. Ho obtained a master’s degree in corporate governance from the Hong Kong Polytechnic University in December 2006 and became an associate of The Hong Kong Chartered Governance Institute (the “HKCGI”, previously known as the Hong Kong Institute of Chartered Secretaries) in the same month. In March 2015, Ms. Ho became a fellow of both the HKCGI and The Chartered Governance Institute. She is also a holder of the practitioner’s endorsement of HKCGI and a member of The Hong Kong Institute of Directors.

CONFIRMATION FROM OUR DIRECTORS

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 February 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established four Board Committees in accordance with the relevant laws and regulations in the PRC, the Articles, and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee. The functions of the four committees are summarized as follows:

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions, and provide advice and comments to the Board. The Audit Committee comprises three members, namely Ms. ZHANG Mingyan, Dr. GUO Xiasheng and Mr. DAI Jianjun, with Ms. ZHANG Mingyan as the chairperson of the Audit Committee and is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses, and other compensation payable to our Directors and other

DIRECTORS AND SENIOR MANAGEMENT

senior management. The Remuneration and Appraisal Committee comprises three members, namely Ms. ZHANG Mingyan, Mr. WANG Yanqing, Dr. GUO Xiasheng, with Ms. ZHANG Mingyan as the chairperson of the Remuneration and Appraisal Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises three members, namely Dr. GUO Xiasheng, Mr. Wang and Ms. ZHANG Mingyan, with Dr. GUO Xiasheng as the chairperson of the Nomination Committee.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company. The Strategy Committee comprises three members, namely Mr. Wang, Mr. YOU Zhiliang and Mr. WANG Lei, with Mr. Wang as the chairperson of the Strategy Committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED], save for the deviation from provision C.2.1 of Part 2 of the Corporate Governance Code that Mr. Wang will serve as both our chairman of the Board and general manager as discussed below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive, and Mr. Wang currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the general manager of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

DIRECTORS AND SENIOR MANAGEMENT

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company’s competitive advantage and enhancing our ability to attract, retain, and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

In particular, our Company currently has two female Directors on the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have four independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and, when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Management Presence

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules. See “Waivers and Exemption” in this document for further details.

REMUNERATION

Our Directors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation, pension schemes contribution, and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the total remuneration paid to our Directors amounted to RMB4.3 million, RMB7.1 million, RMB7.4 million and RMB6.7 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the total emoluments paid to the five highest paid individuals (including Directors) by us amounted to RMB13.1 million, RMB9.4 million, RMB9.6 million and RMB15.3 million, respectively.

During the Track Record Period, no payment was made by us to any of our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company or as compensation for the loss of any office of our Company. None of our Directors has waived or agreed to waive any remuneration or benefits in kind.

Under the arrangement currently in force, the aggregate amounts of remuneration payable by our Company to our Directors for the year ending December 31, 2026 to be approximately RMB7.6 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

COMPLIANCE ADVISOR

We have appointed Red Solar 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 regarding compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development, or results of our Group deviate from any forecast, estimate, or other information in this document; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the compliance advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED], and such appointment may be subject to extension by mutual agreement.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) approximately 21.46% by Lhasa Xindao, which was in turn held as to 94.00% by Mr. Wang, our executive Director, chairman of the Board and general manager of our Company; (ii) approximately 4.43% by Wuxi Yuxi, which was held as to (a) 99.96% by Wuxi Luojie; and (b) 0.04% by Wuxi Zhipu (both of which were ultimately wholly-owned by Mr. Wang); and (iii) approximately 5.88% by Shanghai Zhuoao, which was held as to (a) 16.94% by its general partner, Shanghai Yiwei, whose general partner is Ms. Ni, (b) 70.56% by Shanghai Haochang, which is in turn wholly owned by Mr. Wang, and (c) 0.44% by Shanghai Haoling, which is in turn wholly owned by Ms. Ni. Separately, Mr. Wang also held approximately 0.56% direct interest in our Company. Accordingly, our Single Largest Group of Shareholders, including Mr. Wang, Ms. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luojie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling, was collectively interested in approximately 32.33% of the issued share capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], our Single Largest Group of Shareholders will hold in aggregate approximately [REDACTED]% of the issued share capital of our Company. Accordingly, Mr. Wang, Mr. Ni, Lhasa Xindao, Wuxi Yuxi, Wuxi Luojie, Wuxi Zhipu, Shanghai Zhuoao, Shanghai Yiwei, Shanghai Haochang and Shanghai Haoling will be our Single Largest Group of Shareholders immediately upon the [REDACTED].

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Single Largest Group of Shareholders and their respective close associates after the [REDACTED], taking into consideration the factors below.

Management independence

Upon [REDACTED], our Board will consist of seven Directors, comprising four executive Directors and three independent non-executive Directors, and we also have five senior management members (one of which is our executive Director). Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see “Directors and Senior Management” in this Document.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of functioning independently of our Single Largest Group of Shareholders for the following reasons:

- (i) our daily management and operations are carried out independently by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Company. For details of the industry experience of our senior management team, see “Directors and Senior Management” in this Document;
- (ii) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested;
- (iv) our Company is an A-share listed company and has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director is obliged to declare and fully disclose such potential conflict of interest and shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted;
- (v) we have four independent non-executive Directors, comprising more than one-third of the total members of the Board, who have sufficient knowledge, experience and competence, so that there is a balanced composition of executive, non-executive Directors and independent non-executive Directors to ensure the independence of the Board in making decisions affecting our Company and to promote the interests of our Company and the Shareholders as a whole. In particular, the independent non-executive Directors possess the relevant qualifications and industry experiences to safeguard the interests of the minority Shareholders of our Company by, among other things, reviewing and opining on connected transactions of our Company, including those between our Company and our Single Largest Group of Shareholders and/or their close associates. See “Directors and Senior Management” for details of the biographies of the independent non-executive Directors; and

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- (vi) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would enhance our independent management, as detailed in the sub-section headed “— Corporate governance measures” below.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from our Single Largest Group of Shareholders and their respective close associates after the [REDACTED].

Operational independence

We will continue to operate independently from our Single Largest Group of Shareholders after the [REDACTED]. We make and implement operational decisions independently of our Single Largest Group of Shareholders and has our own organisational structure with independent departments, each with specific areas of responsibility. Furthermore, we have independent production capabilities and technology relating to our Group’s business and do not rely on the operations of our Single Largest Group of Shareholders. We also maintain a set of comprehensive internal control measures to facilitate the effective operation of our business. We have independent channels to access our customers and is not dependent on our Single Largest Group of Shareholders with respect to suppliers for our business operations. We have our own headcount of employees to operate the business for our operations and management for human resources.

We entered into certain continuing connected transactions with our connected persons. See section headed “Connected Transactions” for more details. Considering that these transactions did not and are not expected to involve significant transaction amounts and are not material to the operation of our Group’s principal business, our Directors believe that such transactions will not have any impact on the operational independence of our Group.

Based on the above, our Directors believe that our business is operationally independent from our Single Largest Group of Shareholders and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our own business needs. We have adopted our own independent internal control and financial management systems and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. We have adequate internal resources and a strong credit profile to support our daily operation. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Single Largest Group of Shareholders or their respective associates. We do not expect to rely on our Single Largest Group of Shareholders or any of their close associates for financing after the [REDACTED] as we expect that our working capital will be primarily funded by cash generated from our business operation, and to a lesser extent, external indebtedness. As of the Latest Practicable Date, we did not have any outstanding loans or guarantees provided by or granted to, nor any non-trade balances due to or due from, our Single Largest Group of Shareholders or their respective associates.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance in relation to, among other matters, directors, the chairperson and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with Shareholders.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We have adopted/will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and the Single Largest Group of Shareholders:

- (i) where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (ii) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective associates has a material interest, our Single Largest Group of Shareholders or their respective associates will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (iii) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provides that, a Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- (iv) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Single Largest Group of Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;
- (v) our Board consists of a balanced composition of executive, non-executive and independent non-executive Directors, with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, details of whom are set out in the section headed “Directors and Senior Management”, individually and collectively possess the requisite knowledge and experience to perform their roles. They will review whether there is any conflict of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interest of our minority Shareholders;
- (vi) 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
- (vii) we have appointed Red Solar Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as 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 Company and the Single Largest Group of Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

CONNECTED TRANSACTIONS

We will engage in certain transactions with our connected persons after the [REDACTED], which will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The following persons, with whom we have entered into certain agreements in our ordinary course of business, will become our connected persons as defined under the Listing Rules upon completion of the [REDACTED]:

Names of our connected persons	Connected Relationship
Wuxi Junhua Property Management Co., Ltd. (無錫君華物業管理有限公司) (“ Wuxi Junhua ”)	As of the Latest Practicable Date, Wuxi Junhua was indirectly held as to (i) 40% by Mr. Wang, our founder, executive Director, chairman of our Board and a member of our Single Largest Group of Shareholders; (ii) 30% by Ms. Ni, the spouse of Mr. Wang; and (iii) 30% by Mr. Wang Lei, our executive Director and the son of Mr. Wang. Accordingly, Wuxi Junhua is an associate of each of Mr. Wang and Mr. Wang Lei, and therefore constitutes a connected person of our Company under the Listing Rules.
Wuxi Aochuang Enterprise Management Co., Ltd. (無錫遨創企業管理有限公司) (“ Wuxi Aochuang ”)	As of the Latest Practicable Date, Wuxi Aochuang was indirectly held as to (i) 40% by Mr. Wang, our founder, executive Director, chairman of our Board and a member of our Single Largest Group of Shareholders; (ii) 30% by Ms. Ni, the spouse of Mr. Wang; and (iii) 30% by Mr. Wang Lei, our executive Director and the son of Mr. Wang. Accordingly, Wuxi Aochuang is an associate of each of Mr. Wang and Mr. Wang Lei, and therefore constitutes a connected person of our Company under the Listing Rules.

CONNECTED TRANSACTIONS

Names of our connected persons	Connected Relationship
Wuxi Aozhi Enterprise Management Co., Ltd. (無錫遨智企業管理有限公司) (“ Wuxi Aozhi ”)	As of the Latest Practicable Date, Wuxi Aozhi was indirectly held as to (i) 40% by Mr. Wang, our founder, executive Director, chairman of our Board and a member of our Single Largest Group of Shareholders; (ii) 30% by Ms. Ni, the spouse of Mr. Wang; and (iii) 30% by Mr. Wang Lei, our executive Director and the son of Mr. Wang. Accordingly, Wuxi Aozhi is an associate of each of Mr. Wang and Mr. Wang Lei, and therefore constitutes a connected person of our Company under the Listing Rules.
Wuxi Aoyun Enterprise Management Co., Ltd. (無錫遨雲企業管理有限公司) (“ Wuxi Aoyun ”)	As of the Latest Practicable Date, Wuxi Aoyun was indirectly held as to (i) 40% by Mr. Wang, our founder, executive Director, chairman of our Board and a member of our Single Largest Group of Shareholders; (ii) 30% by Ms. Ni, the spouse of Mr. Wang; and (iii) 30% by Mr. Wang Lei, our executive Director and the son of Mr. Wang. Accordingly, Wuxi Aoyun is an associate of each of Mr. Wang and Mr. Wang Lei, and therefore constitutes a connected person of our Company under the Listing Rules.
Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太信息科技有限公司) (“ Jiangsu Hengyuntai ”)	As of the Latest Practicable Date, Jiangsu Hengyuntai was held as to (i) 85% by Lhasa Xindao, our substantial shareholder which is in turn owned as to 94% by Mr. Wang; and (ii) 5% by Wuxi Huihaiying Investment Partnership (Limited Partnership) (無錫匯海盈投資合夥(有限合夥)) (“Wuxi Huihaiying”), which is in turn owned as to 80% by Mr. Wang. Accordingly, Jiangsu Hengyuntai is an associate of each of Mr. Wang and Lhasa Xindao, and therefore a connected person of our Company under the Listing Rules.

CONNECTED TRANSACTIONS

SUMMARY OF OUR CONNECTED TRANSACTIONS

Transaction	Counterparty	Category of transaction	Applicable Listing Rule	Waiver sought
Lease of property by our Group	Wuxi Junhua, Wuxi Aochuang, Wuxi Aozhi and Wuxi Aoyun	One-off connected transactions	Rule 14A.34	N/A
Property management services from Wuxi Junhua	Wuxi Junhua	Non-exempt continuing connected transaction (subject to annual reporting, announcement and annual review requirements)	Rules 14A.76(2)(a) and 14A.105	Announcement requirement
Procurement of goods and services from Jiangsu Hengyuntai	Jiangsu Hengyuntai	Non-exempt continuing connected transaction (subject to annual reporting, announcement and annual review requirements)	Rules 14A.76(2)(a) and 14A.105	Announcement requirement

ONE-OFF CONNECTED TRANSACTIONS

Lease of property by our Group

Our Group has entered into certain lease agreements dated January 1, 2025 (the “**Junhua Lease Agreements**”) with Wuxi Junhua, pursuant to which Wuxi Junhua agreed to lease to us certain premises in No. 58 Xinmei Road, Xinwu District, Wuxi City, Jiangsu Province, the PRC with a total gross floor area of approximately 250,145 sq.m. for a term of one year commencing on January 1, 2025 and expiring on December 31, 2025 at an aggregate annual rent of RMB108.1 million. Pursuant to the Lease Agreements, our Group is entitled to a priority right to renew under the same terms and conditions prior to the expiry of the term of the Lease Agreements, which is in line with the previous lease agreements entered into between our Group and Wuxi Junhua during the Track Record Period. Our Group expects to continue to enjoy such priority right to renew in the lease agreements to be entered into with Wuxi Junhua going forward.

In view of our continuing business expansion and development, our Group has also entered into certain lease agreements (the “**New Lease Agreements**”, together with the Junhua Lease Agreements, the “**Lease Agreements**”) with Wuxi Aochuang, Wuxi Aozhi and Wuxi

CONNECTED TRANSACTIONS

Aoyun, pursuant to which Wuxi Aochuang, Wuxi Aozhi and Wuxi Aoyun agreed to lease to us certain premises in No. 25 South Changjiang Road, No. 52 Xinmei Road, and No. 27-1 South Changjiang Road of Xinwu District, Wuxi City, Jiangsu Province, the PRC with an aggregate gross floor area of approximately 143,846.64 sq.m. for a term commencing on May 1, 2025 and expiring on December 31, 2025 at an aggregate annual rent of RMB41.43 million.

The rent agreed under each of the Lease Agreements was determined by the parties at arm’s length negotiations with reference to prevailing market rent of comparable properties. Our Directors (including our independent non-executive Directors) are of the view that the Lease Agreements was entered into and has been conducted in the ordinary and usual course of business and on normal commercial terms or better.

In accordance with IFRS 16 “Leases”, the lease under the Lease Agreements is recognized as right-of-use assets on our balance sheet. Therefore, the entering into the Lease Agreements will be regarded as the acquisition of capital assets and one-off connected transaction, rather than continuing connected transaction.

Accordingly, the reporting, announcement, annual review and independent Shareholders’ approval requirements in Chapter 14A of the Listing Rules will not be applicable.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Property management services from Wuxi Junhua

On [●], our Company (for itself and on behalf of the Group) entered into a framework agreement with Wuxi Junhua (“**Property Management Services Framework Agreement**”), pursuant to which Wuxi Junhua would provide various property management services (such as property cleaning and security services) to our Group in our ordinary and usual course of business.

The initial term of the Property Management Services Framework Agreement will commence on the [REDACTED] and will end on December 31, 2028, subject to renewal upon the mutual agreement of both parties thereto. The parties will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of property management services under the Property Management Services Framework Agreement.

Reasons for the transaction

During its ordinary and usual course of business, we leased properties from Wuxi Junhua and Wuxi Junhua provided relevant property management services to us. Wuxi Junhua leases out properties that are in location or of size and quality that are suitable for our requirements, and offers professional and quality property management services that can facilitate efficient and orderly business operation of our Group. As compared with other Independent Third Parties, Wuxi Junhua normally has a better understanding of our property requirements in relation to our business premises and offices.

CONNECTED TRANSACTIONS

Pricing policies

Our Group shall pay property management service fees to Wuxi Junhua, which shall be determined arm’s length negotiation between the parties on normal commercial terms, with reference to a number of factors, including but not limited to (i) the size, location and quality of the relevant property (in particular the total gross floor area of the relevant property under management); (ii) the prevailing market property management service fees offered by third party property management service providers for comparable property in similar location or of similar type, size and/or quality; (iii) the scope of services to be provided; and (iv) the estimated servicing costs (including, without limitation, labor costs in connection with the property management services). The property management service fees are calculated primarily by multiplying the total the gross floor area of the property under management and the property management service fee per square meter.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the historical transaction amounts with respect to the provision of property management services by Wuxi Junhua were nil, RMB30.9 million, RMB52.3 million and RMB59.0 million, respectively. As of December 31, 2022, 2023 and 2024 and September 30, 2025, the total GFA of our owned and leased properties which were managed by Wuxi Junhua was nil, 214,853 sq. m., 500,637 sq. m. and 696,153 sq. m., respectively.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to Wuxi Junhua under the Property Management Services Framework Agreement:

	Year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Total fees paid by us to Wuxi Junhua . .	73.2	73.2	73.2

The proposed annual caps are determined based on:

- (i) the historical amounts of property management service fees paid by the Group to Wuxi Junhua during the Track Record Period;
- (ii) the expected increase in demand from our Group for property management services for the increased total GFA of our leased properties arising primarily from (a) our Wuxi No. 3 Factory Phase II located in Xinwu District, Wuxi City, China with a total GFA of approximately 134,245 sq.m.; and (b) our Industrial Park Phase VI under construction with an expected total GFA of 126,534 sq.m., in view of our growth and business development;

CONNECTED TRANSACTIONS

- (iii) the expected increase in scope and standard of services required by the Group leading to the expected increase in operational and servicing costs (such as labor costs) to be incurred by Wuxi Junhua; and
- (iv) other factors including but not limited to inflation and other unforeseen factors, which may result in the increment in the property management service fees payable by our Group.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Property Management Services Framework Agreement for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting and annual review requirements under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Procurement of goods and services from Jiangsu Hengyuntai

On [●], our Company (for itself and on behalf of the Group) entered into a framework agreement with Jiangsu Hengyuntai (for itself and on behalf of its associates) (“**Procurement Framework Agreement**”), pursuant to which, our Group would procure from Jiangsu Hengyuntai and/or its associates comprehensive information and software related goods and services which primarily include data center services (such as cabinet hosting, IP, transmission, etc.) and industrial internet software and hardware goods and services (the “**Supporting Goods and Services**”) as our production and operation may require from time to time.

The initial term of the Procurement Framework Agreement will commence on the [REDACTED] and will end on December 31, 2028, subject to renewal upon the mutual agreement of both parties thereto. The parties will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of Supporting Goods and Services under the Procurement Framework Agreement.

Reasons for the transaction

Jiangsu Hengyuntai and/or its associates provide the Supporting Goods and Services which we may require for the production of our products and our operations. We procured the Supporting Goods and Services from Jiangsu Hengyuntai and/or its associates mainly taking into account (i) the stability in data center services provider, which will enable us to maintain data security in business operation; and (ii) the reliable quality of industrial internet software and hardware goods and services provided by Jiangsu Hengyuntai. In our ordinary and usual business, our Group has been procuring the Supporting Goods and Services from Jiangsu Hengyuntai and/or its associates from time to time, which enables them to be familiar with our

CONNECTED TRANSACTIONS

business needs, quality standards and operational requirements. Our Group has a long-term and stable business cooperation with Jiangsu Hengyuntai. Our Directors believe that maintaining a stable and quality business relationship with Jiangsu Hengyuntai will facilitate our business growth.

Pricing policies

The pricing relating to procurement of the Supporting Goods and Services from Jiangsu Hengyuntai and/or its associates pursuant to the Procurement Framework Agreement shall be determined based on arm’s length negotiation between our Group and Jiangsu Hengyuntai and/or its associates with reference to historical and market transaction price, taking into account various factors including but not limited to the type of products and services (including the specification, model and quality of the data center services and the industrial internet goods and services), transaction volume and the prices for the procurement of products of similar nature, type and quantity by our Group from Independent Third Parties in the market, as well as the actual cost or reasonable cost (whichever is lower) incurred in the provision of the goods and services. The terms are to be no less favorable to our Group compared to those transactions between our Group and Independent Third Parties, which are in the best interests of our Company and our Shareholders as a whole.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the historical transaction amounts with respect to the procurement of the Supporting Goods and Services from Jiangsu Hengyuntai and/or its associates were RMB5.9 million, RMB24.5 million, RMB18.1 million and RMB10.6 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to Jiangsu Hengyuntai and/or its associates under the Procurement Framework Agreement:

	Year ending December 31,		
	2026	2027	2028
	(RMB in millions)		
Total fees payable by us to Jiangsu Hengyuntai and/or its associates	28.6	33.4	39.0

CONNECTED TRANSACTIONS

The proposed annual caps are determined based on:

- (i) the historical amounts of the transactions between our Group and Jiangsu Hengyuntai and/or its associates during the Track Record Period in respect of our procurement of the Supporting Goods and Services;
- (ii) the expected amount of procurement of the Supporting Goods and Services by our Group from Jiangsu Hengyuntai and/or its associates to meet the needs of our future business development; and
- (iii) other factors including but not limited to the expected prices of the Supporting Goods and Services and their potential fluctuations, taking into account the costs and expenses relating to labor and market trends.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Procurement Framework Agreement for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis. Pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting and annual review requirements under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

INTERNAL CONTROL MEASURES ADOPTED BY THE COMPANY IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- we have adopted and implemented a management system on connected transactions. Under such system, the audit committee under the Board is responsible for the review on compliance with relevant laws, regulations, our Company’s policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of our Company are jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the Audit Committee under the Board, the Board and various internal departments of our Company also regularly monitor the fulfillment status and the updates in relation to the continuing connected transactions. In addition, the management of our Company also regularly reviews the pricing policies of the continuing connected transactions;

CONNECTED TRANSACTIONS

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules; and
- when considering the service fees and other fees provided by us to the above connected persons, our Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between our Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

DIRECTORS’ CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transactions under the Property Management Services Framework Agreement and the Procurement Framework Agreement have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps under the Property Management Services Framework Agreement and the Procurement Framework Agreement are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

JOINT SPONSORS’ CONFIRMATION

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the above non-exempt continuing connected transactions under the Property Management Services Framework Agreement and the Procurement Framework Agreement; and (ii) participated in the due diligence and discussions with the management of our Group.

Based on the aforementioned and the Directors’ view above, the Joint Sponsors are of the view that the aforesaid non-exempt continuing connected transactions under the Property Management Services Framework Agreement and the Procurement Framework Agreement, for which a waiver has been sought, have been and will be entered into in the ordinary and usual course of our business on normal commercial terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of the non-exempt continuing connected transactions under the Property Management Services Framework Agreement and the Procurement Framework Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

WAIVERS [GRANTED] BY THE STOCK EXCHANGE

In respect of the continuing connected transactions as described above under the Property Management Services Framework Agreement and the Procurement Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2027 will be more than 0.1% but less than 5% on an annual basis. Accordingly, the continuing connected transactions under these framework agreements are subject to the annual reporting and annual review requirements under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

As the above continuing connected transactions under the Property Management Services Framework Agreement and the Procurement Framework Agreement are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement requirement will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the aforesaid partially-exempt continuing connected transaction, provided that the total amount of transactions for each of the three years ending December 31, 2027 will not exceed the relevant proposed annual caps as set out in this section. The independent non-executive Directors and auditors of the Company will conduct annual review of the continuing connected transactions under the Property Management Services Framework Agreement and the Procurement Framework Agreement and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

Apart from the announcement requirement from which a waiver is sought, the Company will comply with the applicable requirements under Chapter 14A of the Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]), the following persons will have an interest or short position (as applicable) in our 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 issued voting shares of our Company:

Shareholder	Nature of Interest	Number and Description of Shares	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Approximate Percentage of shareholding in the A Shares immediately after the [REDACTED]	Approximate percentage of shareholding in the total issued share capital of our Company immediately after the [REDACTED]
Mr. Wang ⁽¹⁾⁽²⁾	Beneficial owner	8,836,057 A Shares	0.56%	0.56%	[REDACTED]%
	Interest in controlled corporation	497,495,646 A Shares	31.77%	31.77%	[REDACTED]%
Lhasa Xindao ⁽¹⁾	Beneficial owner	336,039,506 A Shares	21.46%	21.46%	[REDACTED]%
Wuxi Yuxi ⁽¹⁾	Beneficial owner	69,414,157 A Shares	4.43%	4.43%	[REDACTED]%
Shanghai Zhuoao ⁽²⁾	Beneficial owner	92,041,983 A Shares	5.88%	5.88%	[REDACTED]%
Shanghai Haochang ⁽²⁾	Interest in controlled corporation	92,041,983 A Shares	5.88%	5.88%	[REDACTED]%
Shanghai Yiwei ⁽²⁾	Interest in controlled corporation	92,041,983 A Shares	5.88%	5.88%	[REDACTED]%
Ms. Ni ⁽²⁾⁽³⁾	Interest in controlled corporation	92,041,983 A Shares	5.88%	5.88%	[REDACTED]%
	Interest of spouse	414,289,720 A Shares	26.45%	26.45%	[REDACTED]%

Notes:

- (1) Lhasa Xindao is held as to 94.0% by Mr. Wang. Wuxi Yuxi is indirectly wholly-owned by Mr. Wang. Under the SFO, Mr. Wang is deemed to be interested in all the A Shares held by Lhasa Xindao and Wuxi Yuxi.
- (2) The general partner of Shanghai Zhuoao is Shanghai Yiwei, whose general partner is Ms. Ni, the spouse of Mr. Wang. Shanghai Zhuoao is indirectly held as to approximately 70.6% by Shanghai Haochang, which is in turn wholly-owned by Mr. Wang. Under the SFO, Mr. Wang, Ms. Ni, Shanghai Yiwei and Shanghai Haochang are deemed to be interested in all the A Shares held by Shanghai Zhuoao.

SUBSTANTIAL SHAREHOLDERS

- (3) Ms. Ni is the spouse of Mr. Wang, and is the general partner of Shanghai Yiwei, the general partner of Shanghai Zhuoao. Therefore, Ms. Ni is deemed to be interested in (i) the A Shares held by Shanghai Zhuoao; and (ii) the A Shares controlled by Mr. Wang directly and indirectly through Lhasa Xindao and Wuxi Yuxi.

For further information on any other person who will be, immediately following completion of the [REDACTED], directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see “Statutory and General Information — 3. Further Information About Our Directors — C. Disclosure of Interests — (ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)” in Appendix VI to this document.

Save as disclosed above and in Appendix VI to this document, our Directors are not aware of any person who will, immediately following the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was 1,566,163,034 A Shares of nominal value of RMB1.00 each, which are all listed on the ChiNext Market of the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	1,566,163,034	100.00%

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital
A Shares in issue	1,566,163,034	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00%</u>

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is exercised in full, the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital
A Shares in issue	1,566,163,034	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00%</u>

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [REDACTED] by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [REDACTED] by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders’ general meeting of our Company held on February 14, 2025 and is subject to the following conditions:

- (i) *Size of the [REDACTED]*. The proposed number of H Shares to be offered shall not exceed [REDACTED]% of the total issued share capital enlarged by the H Shares to be [REDACTED] pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be [REDACTED] pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].
- (ii) *Method of [REDACTED]*. The method of [REDACTED] shall be by way of an [REDACTED] to institutional investors and a [REDACTED] for [REDACTED] in Hong Kong.
- (iii) *Target investors*. The H Shares shall be [REDACTED] to public investors in Hong Kong under the [REDACTED] and international investors, qualified domestic institutional investors in mainland China and other investors who are approved by mainland Chinese regulatory bodies to invest abroad in [REDACTED].
- (iv) *Price determination basis*. The [REDACTED] of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of investors and the risks related to the [REDACTED], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.
- (v) *Validity period*. The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders’ general meeting was held on February 14, 2025.

There is no other approved offering plans for our Shares except the [REDACTED].

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstance under which our Shareholders’ general meeting is required, see “Summary of the Articles of Association — Shareholders and Shareholders’ General Meetings” in Appendix V to this document.

SHARES SCHEMES

Certain employees of our Company and our subsidiaries are eligible to subscribe in interests of our Shares through the Share Schemes. For details, see “Statutory and General Information — 4. Our Restricted Share Incentive Schemes” in Appendix VI to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants’ Report in Appendix I and Report on Review of Condensed Consolidated Financial Statements in Appendix IA, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and elsewhere in this document.

OVERVIEW

We are a prominent new energy intelligent equipment enterprise, offering highly competitive core intelligent equipment and intelligent manufacturing solutions to a wide range of emerging and high-end manufacturing industries. We design and supply advanced intelligent equipment to address our customers’ customized manufacturing needs. We offer products and solutions along a continuum ranging from standalone equipment to complete production lines across our business segments, including lithium-ion battery intelligent equipment, PV intelligent equipment, 3C intelligent equipment, intelligent logistics equipment and others. Operating from within the world’s most dynamic and high-growth industrial ecosystem, our equipment is deployed globally across diverse sectors including lithium-ion batteries, PVs, 3C electronics, intelligent logistics, hydrogen energy, automotive and laser precision machining.

In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue was RMB13,836.1 million, RMB16,483.3 million, RMB11,773.4 million, RMB9,038.4 million and RMB10,387.5 million, respectively, and our net profit for the year/period was RMB2,318.1 million, RMB1,770.8 million, RMB268.0 million, RMB587.0 million and RMB1,161.3 million, respectively. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our EBITDA (non-IFRS measure) was RMB2,749.6 million, RMB2,199.3 million, RMB495.8 million, RMB881.6 million and RMB1,654.6 million, respectively.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

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The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 5 to the Accountants’ Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, including but not limited to the following:

- Demand for intelligent equipment and especially for lithium-ion battery equipment
- Ability to design, manufacture and market technologically advanced and cost-competitive products and solutions
- Ability to expand our global coverage and continuously explore overseas markets
- Impact of raw materials and components on supply stability profitability
- Ability to manage working capital requirements

Demand for intelligent equipment and especially for lithium-ion battery equipment

Our business expansion and revenue growth have depended, and will continue to depend, on demand of downstream market for intelligent equipment products and solutions, we derived a substantial portion of our revenue from the sales of lithium-ion battery equipment to our customers. We provide intelligent manufacturing solutions covering various battery types which may be used for power batteries, energy storage, 3C and other fields. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue generated from sales of lithium-ion battery intelligent equipment was RMB9,944.4 million, RMB12,641.8 million, RMB7,688.5 million, RMB6,268.4 million and RMB6,949.0 million, respectively, representing 71.8%, 76.8%, 65.3%, 69.5% and 66.8% of our total revenue, respectively.

Demand for our intelligent equipment products and solutions, especially our lithium-ion battery equipment, is principally driven by the overall demand for the end applications of such products and solutions, including EV, energy storage and consumer electronics. In particular, customers of our lithium-ion battery equipment segment include lithium-ion battery manufacturers and automotive manufacturers around the world such as CATL, Tesla, Volkswagen, BMW, Mercedes, Toyota, Ford, LG Energy, SK On, Panasonic, ATL, CALB, EVE Energy, Gotion, AESC, Sunwoda, SVOLT, BYD, ACC and Ampace. According to Frost & Sullivan, the market size of global lithium-ion battery intelligent equipment market (by revenue) increased from RMB27.0 billion in 2020 to RMB49.8 billion in 2024, with a CAGR of 16.5%, and is expected to grow to RMB137.2 billion in 2029, with a CAGR of 22.5% from

FINANCIAL INFORMATION

2024 to 2029. And the market size of PRC lithium-ion battery intelligent equipment market (by revenue) is expected to expand from RMB28.2 billion in 2024 to RMB75.7 billion in 2029, representing a CAGR of 21.9%. This is in line with the growth of sales volume of EVs in China from 1.4 million units in 2020 to 12.9 million units in 2024, accounting for 72.4% of the global market share, with a CAGR of 75.2% from 2020 to 2024.

Triggered by fast expansion of downstream applications for lithium-ion battery such as EV, energy storage system, consumer electronics, etc., the market size of global lithium-ion battery intelligent equipment market grew rapidly. We believe that we are well positioned to capture growth opportunities created by these trends with our deep collaboration with leading manufacturers and wide international layouts.

Ability to design, manufacture and market technologically advanced and cost-competitive products and Services

The intelligent equipment specifications that our customers require generally evolve over time along with their changing preferences and needs. Given that most of the products are made-to-order, our ability to design and develop new products that meet these changing requirements has been and will continue to be critical to our ability to cater to the diverse needs of our customers. During the Track Record Period, our research and development expenses reached RMB5.9 billion, accounting for 11.3% of total revenue. We maintain a capable research and development team of 4,116 employees, of which 87.8% hold a Bachelor’s degree or higher as of September 30, 2025. We have set up a research and development department under each business segment which are under the centralized management of our research and development center. We have established the Lead University to conduct regular training for our research and development personnel. Additionally, we have further developed a digital and standardized R&D platform to facilitate the digital transformation of the equipment manufacturing industry’s research and development processes. Our digital software is designed to automate and digitize the entire R&D process, including selection guidance, automated drawing and automatic programming. This approach aims to enhance R&D efficiency and effectiveness while minimizing human errors.

We believe that such technological breakthroughs consolidated our competitive position in the intelligent equipment industry and enhanced our capability to provide further added value for our customers. We expect to continue to make significant investments in research and development, thereby designing and developing more technologically advanced and cost-competitive intelligent equipment products.

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Ability to expand our global coverage and continuously explore overseas markets

Governments of multiple countries have issued favorable policies to guide and promote the development of the lithium-ion battery intelligent equipment industry. For example, in July 2023, the EU released the Batteries and Waste Batteries Act, which put forward strict control requirements for the entire life cycle of battery production, reuse, and recycling, further pushing lithium-ion intelligent equipment provider to develop more efficient and low-energy lithium-ion production equipment.

As our downstream lithium-ion battery manufacturing is a global industry, our global expansion and footprint is essential to our business growth. We export our equipment to over 20 countries and regions, including Germany, France, Sweden, UK, Hungary and etc. We have formed strategic partnerships with overseas leading automotive and battery manufacturers such as Tesla, Volkswagen, BMW, Mercedes, Toyota, LG Energy, SK On, Samsung SDI, Panasonic and ACC, thereby building global product sales and brand presence. Additionally, through collaboration with domestic clients like CATL, ATL, CALB, EVE Energy, Gotion, AESC, Ampac, Sunwoda, SVOLT and BYD, we have become their preferred partner for international expansion. Our revenue from overseas sales increased by 87.5% from RMB1,195.4 million in 2022 to RMB2,241.6 million in 2023, and increased by 26.3% from RMB2,241.6 million in 2023 to RMB2,831.3 million in 2024, respectively, accounting for 8.6%, 13.6% and 24.0% of our revenue in the same years, respectively. Our revenue from overseas sales remained relatively stable at RMB2,199.8 million in the nine months ended September 30, 2024 and RMB2,015.3 million in the nine months ended September 30, 2025, respectively, accounting for 24.3%, and 19.4% of our revenue in the same periods, respectively. For the years ended December 31, 2022, 2023 and 2024, our gross profit from overseas sales was RMB237.2 million, RMB362.0 million and RMB1,134.0 million, respectively and our gross margin was 19.8%, 16.1% and 36.7% in the same years, respectively. For the periods ended nine months ended September 30, 2024 and 2025, our gross profit from overseas sales was RMB875.6 million and RMB791.4 million, respectively and our gross profit margin was 39.8% and 39.3% in the same periods, respectively.

Impact of raw materials and components on supply stability and profitability

Effective management of supply chain also contribute to our success. The majority of our cost of revenue is raw materials and consumables used, which primarily include non-standard components, standardized components and basic materials which can be used for a wide range of equipment across different business segments. See “— Procurement and Suppliers — Raw materials and components”. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our raw material cost amounted to RMB7,107.3 million, RMB8,396.4 million, RMB5,576.8 million, RMB4,106.3 million and RMB5,175.5 million, respectively, representing 81.0%, 75.8%, 67.7%, 70.0% and 72.1% of our cost of sales in the same years.

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Raw materials and components used in the production of our intelligent equipment products and solutions are sourced from domestic and international suppliers. We believe that we are not dependent on any particular supplier, as we source our key raw materials and components for our products from multiple suppliers. We generally procure raw materials and components from suppliers through non-exclusive supply contracts. The prices of such raw 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 enter co-operation framework agreements with outstanding suppliers to strengthen the co-operative relations and build a strong supply chain. We may elect to terminate a supply contract with a supplier in case of poor product quality, failure to deliver in time or other breaches of contract provisions. Based on the aforementioned factors, we believe that we can manage the supply of major raw materials and components in the near future and maintain effective control on their procurement prices.

Ability to manage working capital requirements

Our business operations require significant working capital. We recognize our revenue from sales of intelligent equipment fully upon the receipt of customer acceptance. Our capability to manage the level of trade and notes receivables will affect our cash level and liquidity as well as our financial condition. We value the management of receivables, our finance team monitors payments closely and prepares a monthly aging report showing the customers’ amounts for the management’s review. Our sales team also evaluates such invoices on a case-by-case basis and follows up with the customers to collect the trade receivables. We have strengthened cash flow management through measures, such as optimizing accounts receivable management, enhancing inventory turnover control, and improving capital utilization efficiency. It is expected that our cash flow situation will improve as of the end of 2024, thus providing financial support for our business expansion and strategic investments.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

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We set forth below accounting policies which we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in details in Notes 4 and 5 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Sales of Intelligent Equipment

Each of the equipment involves a comprehensive process, including design, manufacture, delivery, installation and commissioning of customized products to the customers. Given that customers cannot benefit from part of the process, each of the equipment is accounted for as a single performance obligation. Revenue from sales of intelligent equipment is generally recognized fully upon the receipt of customer acceptance. Such acceptance is formally acknowledged through a signed document verifying that the equipment meets the specified requirements and is fully operational to the customer's satisfaction, which representing the customer has the ability to direct the use of the equipment and obtain substantially all of the remaining benefits of the equipment.

Typically, upon signing of a sales contract, the customer is obligated to remit a deposit of approximately 30% of the total contract amount. When the equipment is ready for shipment, the customer is required to settle approximately 30% of the total contract amount. Subsequently, upon the completion of installation of the equipment, and receipt of the customer's signed acceptance confirmation, the customer is obliged to pay an additional approximately 30% of the total contract amount. Finally, approximately 10% of the contract amount is withheld by the customers and will be released upon the fulfillment of a one year's retention period. During the retention period, we provide repair and maintenance and other related services.

Approximately 10% of the contract amount is recognized as part of revenue in full upon customer acceptance, consistent with the remaining contract amount. The retention period represents an assurance-type of warranty that the equipment complies with agreed-upon specifications for a one-year retention period and cannot be purchased separately, and therefore does not constitute a separate performance obligation. Accordingly, the Group accounts for assurance-type warranties in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Contract liabilities are recognized when the advance payments are received but revenue has yet been recognized. Retention receivables are classified as contract assets and are transferred to trade receivables when the rights become unconditional.

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Transaction price allocated to the remaining performance obligation for contracts with customers

We apply the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as our contract has an original expected duration of less than one year.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, in accordance with our accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than freehold land and construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date.

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Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Government Grants

Government grants are not recognized until there is reasonable assurance that we will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which we recognize as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that we should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to us with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of our cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

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Impairment testing of goodwill

On July 31, 2017, the Company acquired entire equity interests of Zhuhai Titan for a total consideration of RMB1,350.0 million, comprising a cash consideration of RMB607.5 million and the fair value of shares issued by the Company amounting to RMB742.5 million. The goodwill of RMB1,092.3 million resulted from the difference between the total consideration and the fair value of identifiable net assets of Zhuhai Titan amounting to RMB257.7 million.

For the purpose of impairment testing, goodwill acquired through business combination is allocated to Zhuhai Titan (“Zhuhai Titan CGU”), which constituted a CGU. In addition to goodwill, property, plant and equipment, right-of-assets and other intangible assets that generate cash flows together with the related goodwill are also included in the respective Zhuhai Titan CGU for the purpose of impairment assessment. have been assessed as one CGU. As of December 31, 2022, 2023, 2024 and September 30, 2025, the carrying amount of the Zhuhai Titan CGU amounted to RMB1,175,246,000, RMB1,198,112,000, RMB1,250,709,000 and RMB1,269,024,000, respectively.

The Group engaged an independent qualified professional valuer, Vocation (Beijing) International Asset Valuation Co., Ltd (“Vocation”) (沃克森(北京)國際資產評估有限公司) (305-306, 3rd Floor, Block 37, No. 19 Chegongzhuang West Road, Haidian District, Beijing, China), to assist the preparation of the goodwill impairment testing. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period. The management of the Group did not assume any growth to the cash flows subsequent to the 5-year period. This is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The following table sets out the key assumptions for the value in use calculation of Zhuhai Titan CGU:

	As of December 31			As of September 30,
	2022	2023	2024	2025
Pre-tax discount rate	12.81%	11.07%	11.09%	11.95%
Revenue growth rate	1.93%	3.00%	4.96%	5.43%
Gross profit ratio	19.80%	23.02%	23.95%	23.88%

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to Zhuhai Titan CGU. Revenue growth rates and gross profit ratios were determined by the management of the Group based on Zhuhai Titan CGU’s past performance and management’s expectations for the market development.

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Based on the result of the assessment, the management of the Group determined that the recoverable amount of Zhuhai Titan CGU exceeded the carrying amount by RMB941,914,000, RMB1,154,383,000, RMB590,257,000 and RMB518,358,000 as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. Accordingly, there was no impairment of goodwill recognized during the Track Record Period.

In addition, the management of the Group performed the sensitivity analysis based on changes of the abovementioned key assumptions. Had the estimated key assumptions during the forecast period been changed as below while other assumptions remained constant, the excess of recoverable amount of Zhuhai Titan CGU over the carrying amount, as of December 31, 2022, 2023, 2024 and September 30, 2025 would decrease to the amounts set out as below:

	As of December 31			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Pre-tax discount rate				
increased by 5%	829,354	1,012,190	457,774	388,621
Revenue growth rate				
decreased by 5%	837,664	1,048,480	431,519	372,432
Gross profit ratio decreased				
by 5%	<u>680,124</u>	<u>828,410</u>	<u>268,384</u>	<u>256,961</u>

In the view of the directors of the Company, there is no reasonably possible change to the key assumptions applied would not lead to impairment of goodwill as of December 31, 2022, 2023, 2024 and September 30, 2025.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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Internally-generated other intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Development stage begins after the platform design verification test has been passed, prototypes and samples have been tested and test reports have been generated. Development costs at this stage are recognized as assets when the above six criteria are met.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred.

Capitalized development costs are amortized using the straight-line method over their estimated useful lives. Amortization shall begin when the assets are available for use.

The management of the Group performed annual impairment testing during the Track Relevant Periods for the development costs which were not yet available for use. The recoverable amount of the development costs has been determined based on a value in use calculation by using the discounted cashflow method, based on the financial budgets of

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individual development projects approved by management covering a 5-year period. The values to the assigned key assumptions were based on the historical performance of comparable products and the management’s expectation of future market development.

The following table sets out the key assumption for the value in use calculation of the development costs:

	As of December 31,	
	2022	2023
Pre-tax discount rate	<u>15.64%</u>	<u>15.40%</u>

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to the development costs.

Based on the result of the assessment, the management of the Group determined that the recoverable amount of development costs exceeded the carrying amount by RMB34,476,000, and RMB22,452,000 as of December 31, 2022 and 2023, respectively. Accordingly, there was no impairment of development costs recognized during the Track Record Period.

In addition, the management of the Group performed the sensitivity analysis based on changes of the abovementioned key assumption. Had the estimated key assumption during the forecast period been changed as below while other assumptions remained constant, the excess of recoverable amount of development costs over the carrying amount, as of December 31, 2022 and 2023 would decrease to the amounts set out as below:

	As of December 31,	
	2022	2023
	RMB'000	RMB'000
Pre-tax discount rate increased by 5%	<u>32,876</u>	<u>20,752</u>

In the view of the directors of the Company, there is no reasonably possible change to the key assumptions applied would not lead to impairment of development costs as of December 31, 2022 and 2023.

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Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than for financial assets at FVTPL) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets relating to debtors with known financial difficulties or significant doubt on collection are assessed individually for impairment. In addition, we use practical expedient in estimating ECL on trade receivables and contract assets, which are not assessed individually using a provision matrix. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns taking into consideration our historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward- looking information are considered.

Write-down of inventories based on the lower of cost and net realizable value

We review the conditions of inventories and makes provision for obsolete and slow-moving inventory items by using the lower of cost and net realizable value. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. The management reassesses these estimates at the end of the reporting period.

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RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the years and periods presented:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Revenue	13,836	100.0	16,483	100.0	11,773	100.0	9,038	100.0	10,388	100.0
Cost of sales	(8,771)	(63.4)	(11,090)	(67.3)	(8,236)	(70.0)	(5,866)	(64.9)	(7,183)	(69.1)
Gross profit.	5,065	36.6	5,393	32.7	3,537	30.0	3,172	35.1	3,205	30.9
Other income and expenses .	408	2.9	464	2.8	330	2.8	370	4.1	257	2.5
Other gains and losses . . .	60	0.4	(16)	(0.1)	15	0.1	(6)	(0.1)	32	0.3
Impairment losses under expected credit loss model, net of reversal . .	(473)	(3.4)	(750)	(4.6)	(555)	(4.7)	(516)	(5.7)	216	2.1
Selling and marketing expenses	(411)	(3.0)	(451)	(2.7)	(362)	(3.1)	(234)	(2.6)	(211)	(2.0)
Administrative expenses . .	(740)	(5.3)	(1,034)	(6.3)	(1,120)	(9.5)	(859)	(9.5)	(883)	(8.5)
[REDACTED]										
Research and development expenses	(1,348)	(9.7)	(1,675)	(10.1)	(1,671)	(14.1)	(1,266)	(14.0)	(1,231)	(11.9)
Finance costs	(20)	(0.1)	(20)	(0.1)	(62)	(0.5)	(33)	(0.4)	(100)	(1.0)
Profit before tax	2,541	18.4	1,911	11.6	112	1.0	628	6.9	1,283	12.4
Income tax (expense) credit	(223)	(1.6)	(140)	(0.8)	156	1.3	(41)	(0.5)	(122)	(1.2)
Profit for the year/period .	2,318	16.8	1,771	10.8	268	2.3	587	6.4	1,161	11.2

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure), as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS.

We believe that these non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of certain items listed below. We also believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

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The following table sets out a reconciliation from profit for the year/period to EBITDA (non-IFRS measure) for the years and periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in millions)			(unaudited)	
Reconciliation of profit for the year/period to EBITDA (non-IFRS measure):					
Profit for the year/period	<u>2,318</u>	<u>1,771</u>	<u>268</u>	<u>587</u>	<u>1,161</u>
Add:					
– Income tax expense (credit)	223	140	(156)	41	122
– Net finance costs ⁽¹⁾	20	20	62	33	100
– Depreciation and amortization of other assets ⁽²⁾	<u>189</u>	<u>268</u>	<u>321</u>	<u>220</u>	<u>272</u>
EBITDA (non-IFRS measure)	<u>2,750</u>	<u>2,199</u>	<u>496</u>	<u>882</u>	<u>1,655</u>

Notes:

- (1) Finance costs represent the total of interest on lease liabilities, interest on bank loans and bank charges for discounted bills receivables excluding both interest expenses and income.
- (2) The amount of depreciation and amortization presented represents the depreciation of plant and equipment and the amortization of intangible asset and does not include depreciation of right-of-use assets which approximates the rental expense of capitalized lease contract.

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, substantial portion of our revenue was generated primarily from sales of lithium-ion battery intelligent equipment, PV intelligent equipment, intelligent logistics equipment.

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Revenue by Segment

The following table sets forth a breakdown of our revenue by segment, each expressed in absolute amount and as a percentage of our total revenue, for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Lithium-ion battery										
Equipment	9,944	71.8	12,642	76.8	7,689	65.3	6,268	69.5	6,949	66.8
PV intelligent equipment . .	463	3.3	1,028	6.2	867	7.4	564	6.2	965	9.3
3C intelligent equipment. . .	606	4.4	698	4.2	689	5.9	373	4.1	135	1.3
Intelligent logistics										
equipment	1,695	12.3	1,431	8.7	1,867	15.8	1,504	16.6	921	8.9
Others ⁽¹⁾	1,128	8.2	684	4.1	661	5.6	329	3.6	1,418	13.7
Total	13,836	100.0	16,483	100.0	11,773	100.0	9,038	100.0	10,388	100.0

Note:

- (1) Other business includes hydrogen energy equipment, automotive intelligent production line, laser precision processing equipment and other products and services.

Revenue by Geographical Location

The following table sets forth our revenue breakdown by geographical location, each expressed in absolute amount and as a percentage of our total revenue, for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Mainland China	12,641	91.4	14,241	86.4	8,942	76.0	6,838	75.7	8,373	80.6
Europe	685	4.9	1,857	11.3	2,227	18.9	1,733	19.2	1,129	10.9
North America	426	3.1	257	1.5	81	0.7	9	0.1	28	0.3
Others ⁽¹⁾	84	0.6	128	0.8	523	4.4	458	5.0	858	8.2
Total	13,836	100.0	16,483	100.0	11,773	100.0	9,038	100.0	10,388	100.0

Note:

- (1) Others primarily include Asian countries and regions.

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The mainland China market has had a relatively large portion in our business since inception. Sales from the mainland China market increased from RMB12,640.8 million in 2022 to RMB14,241.8 million in 2023, and decreased to RMB8,942.0 million in 2024, accounting for 91.4%, 86.4% and 76.0% of our total revenue for the same year, respectively. Sales from the mainland China market increased from RMB6,838.6 million in the nine months ended September 30, 2024 to RMB8,372.2 million in the nine months ended September 30, 2025, accounting for 75.7% and 80.6% of our total revenue for the same periods, respectively.

In addition, we have expanded our business presence overseas, mainly in Germany, France, Sweden, UK, Hungary and etc., and we primarily derived revenue from sales of lithium-ion battery equipment and intelligent logistics equipment. Revenue from overseas sales increased from RMB1,195.4 million in 2022 to RMB2,241.6 million in 2023 and increased from RMB2,241.6 million in 2023 to RMB2,831.3 million in 2024, accounting for 8.6%, 13.6% and 24.0% of our total revenue for the respective years, which demonstrates the fast expansion of our business overseas. Revenue from overseas sales remained relatively stable at RMB2,199.8 million in the nine months ended September 30, 2024 and RMB2,015.3 million in the nine months ended September 30, 2025, accounting for 24.3% and 19.4% of our total revenue for the same periods, respectively. Specifically, our revenue from Europe increased from RMB684.8 million in 2022 to RMB1,856.8 million in 2023, and further increased to RMB2,226.9 million in 2024. Our revenue from Europe decreased from RMB1,733.1 million in the nine months ended September 30, 2024 to RMB1,128.7 million in the nine months ended September 30, 2025, primarily because a relatively larger number of orders were recognized in the nine months ended September 30, 2024. Our revenue from North America decreased from RMB426.3 million in 2022 to RMB256.9 million in 2023, and further decreased to RMB81.5 million in 2024, and remained relatively stable at RMB8.6 million in the nine months ended September 30, 2024 and RMB27.9 million in the nine months ended September 30, 2025. Revenue from North America was relatively low, and would remain at a relatively low level in the foreseeable future. Therefore, considering the limited revenue contribution from North America, along with our major customers’ localization strategies focusing on manufacturing and supply chain management where they locally manufacture their products, we consider the impact of current and potential future US tariff, either direct or indirect, to be insignificant on us. Consequently, our revenue from other regions increased from RMB84.3 millions in 2022 to RMB127.9 million in 2023, and then to RMB523.0 million in 2024 and further increased from RMB458.1 million in the nine months ended September 30, 2024 to RMB858.9 million in the nine months ended September 30, 2025.

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Cost of Sales

Our cost of sales mainly include raw materials, labor costs, manufacturing overhead and write-down of inventories. Our cost of sales amounted to RMB8,771.1 million, RMB11,089.8 million, RMB8,235.8 million, RMB5,866.2 million and RMB7,183.0 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The fluctuation of cost of sales throughout the Track Record Period was largely in line with revenue. Our write-down of inventories increased from 2022 to 2024, mainly due to decrease in end-market demand of downstream lithium-ion battery and PV industries, and the corresponding slowdown in capacity expansion of relevant industries, resulting in prolonged delivery cycle and acceptance period, and an increase in inventory impairment risk. Our write-down of inventories increased from RMB84.9 million in the nine months ended September 30, 2024 to RMB170.4 million in the nine months ended September 30, 2025, primarily due to provisions related to changes in customer demand, after assessing order status and such customers’ business condition.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>										
<i>(unaudited)</i>										
Raw materials	7,107	81.0	8,396	75.8	5,577	67.7	4,106	70.0	5,176	72.1
Labor costs	756	8.6	1,036	9.3	957	11.6	608	10.4	730	10.2
Manufacturing overhead . . .	793	9.1	1,246	11.2	1,153	14.0	1,067	18.2	1,107	15.4
Write-down of inventories . .	115	1.3	412	3.7	549	6.7	85	1.4	170	2.3
Total	8,771	100.0	11,090	100.0	8,236	100.0	5,866	100.0	7,183	100.0

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The following table sets forth our cost of sales breakdown by geographical location, each expressed in absolute amount and as a percentage of our total cost of sales, for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Mainland China	7,813	89.1	9,210	83.0	6,445	78.3	4,542	77.4	5,959	83.0
Europe	616	7.0	1,643	14.8	1,456	17.6	1,073	18.3	729	10.1
North America	286	3.3	142	1.3	57	0.7	4	0.1	17	0.2
Others ⁽¹⁾	56	0.6	95	0.9	278	3.4	247	4.2	478	6.7
Total	8,771	100.0	11,090	100.0	8,236	100.0	5,866	100.0	7,183	100.0

Note:

(1) Others primarily include Asian countries and regions.

The following table sets forth a breakdown of our cost of sales by segment for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Lithium-ion battery										
intelligent Equipment . . .	6,115	69.7	8,035	72.5	5,087	61.8	3,806	64.9	4,694	65.3
PV intelligent equipment . .	380	4.3	897	8.1	787	9.5	399	6.8	775	10.8
3C intelligent equipment. . .	417	4.8	410	3.7	467	5.7	219	3.7	92	1.3
Intelligent logistics										
equipment	1,380	15.7	1,357	12.2	1,479	18.0	1,234	21.0	754	10.5
Other business ⁽¹⁾	479	5.5	391	3.5	416	5.0	208	3.6	868	12.1
Total	8,771	100.0	11,090	100.0	8,236	100.0	5,866	100.0	7,183	100.0

Note:

(1) Other business includes hydrogen energy equipment, automotive intelligent production line, laser precision processing equipment and other products and services.

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Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less cost of sales. Our gross profit margin is calculated by dividing its gross profit by revenue. We experienced decrease in gross profit margin during the Track Record Period, from 36.6% in 2022 to 32.7% in 2023, and further to 30.0% in 2024. The decrease in gross profit margin was mainly due to our prudent approach for inventory write-down as we not only write down inventory at times of actual losses, but also after making prudent assessment of the realizable net value of inventories in advance, especially for inventories with longer aging to reflect their slow turnover cycle.

The challenging downstream market conditions led to enhanced market competition and imposed challenges on our customers, reducing their demand for expansion of production capacity. Some customers, despite having placed orders for our products, are delaying their expansion plans, choosing to await a recovery in downstream demand before confirming acceptance and deploying the equipment. Accordingly, we made assessment of the net realizable value of inventories and made provisions accordingly. As a result, the write-down of inventories increased from RMB114.9 million in 2022 to RMB411.5 million in 2023, and further to RMB548.7 million in 2024, and from RMB84.9 million in the nine months ended September 30, 2024 to RMB170.4 million in the nine months ended September 30, 2025, respectively. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our subsequent reversal of write-down of inventories amounted to RMB61.8 million, RMB24.7 million, RMB154.1 million, RMB124.8 million and RMB192.7 million, respectively. The reversal of inventory write-downs in the nine months ended September 30, 2025 was primarily due to the acceptance of certain delayed orders previously written off.

Our gross profit margin decreased from 35.1% in the nine months ended September 30, 2024 to 30.9% in the nine months ended September 30, 2025, primarily due to certain orders accepted during the period having been contracted during an industry downturn at relatively lower pricing, resulting in lower gross margins upon acceptance.

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The following table sets forth a breakdown of our gross profit by segment, as well as the respective gross profit margins for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		(%)		(%)		(%)		(%)		(%)
(RMB in millions, except for percentages)										
(unaudited)										
Lithium-ion battery										
intelligent Equipment . . .	3,829	38.5	4,607	36.4	2,602	33.8	2,462	39.3	2,255	32.5
PV intelligent equipment . .	83	17.9	131	12.7	80	9.2	165	29.3	190	19.7
3C intelligent equipment. . .	189	31.2	288	41.3	222	32.2	154	41.3	43	31.9
Intelligent logistics										
equipment	315	18.6	74	5.2	388	20.8	270	18.0	167	18.1
Other business ⁽¹⁾	649	57.5	293	42.8	245	37.1	121	36.8	550	38.8
Total	5,065	36.6	5,393	32.7	3,537	30.0	3,172	35.1	3,205	30.9

Note:

- (1) Other business includes hydrogen energy equipment, automotive intelligent production line, laser precision processing equipment and other products and services.

The following table sets forth a breakdown of our gross profit by geographical location, as well as the respective gross profit margins for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		(%)		(%)		(%)		(%)		(%)
(RMB in millions, except for percentages)										
(unaudited)										
Mainland China	4,828	38.2	5,031	35.3	2,497	27.9	2,296	33.6	2,414	28.8
Europe	69	10.1 ⁽¹⁾	214	11.5 ⁽¹⁾	771	34.6 ⁽¹⁾	660	38.1	400	35.4
North America	140	32.9	115	44.7	24	29.6	5	55.6	11	39.3
Others ⁽²⁾	28	33.3	33	25.8	245	46.8	211	46.1	380	44.3
Total	5,065	36.6	5,393	32.7	3,537	30.0	3,172	35.1	3,205	30.9

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Notes:

- (1) Our gross profit margin in Europe was relatively low in 2022 and 2023, which was primarily as a result of our strategic pricing to open up the European market. The increase in our gross profit margin in Europe in 2024 which was primarily due to the stabilization of our operations in Europe.
- (2) Others primarily include Asian countries and regions.

Other Income and Expenses

Our other income and expenses mainly represents government grants applied to our operating activities. The following table sets forth a breakdown of our other income and expenses for the years and periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>(RMB in millions)</i>			<i>(unaudited)</i>	
Unconditional					
Government grants	23	22	28	21	9
Subsidies for research and development projects . .	11	12	3	1	18
Subsidies for assets acquisition	8	8	8	6	5
Value-added tax refund and additional deduction	274	340	333	303	183
Interest income from bank balances	61	61	38	26	35
Interest income from time deposits	12	3	3	3	2
Penalty income	7	12	6	6	2
Others	14	6	(90)	4	3
Total	408	464	330	370	257

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Other Gains and Losses

Our other gains and losses mainly represent net gains from changes in fair value of financial assets measured at FVTPL, net losses on derecognition of bills receivables at FVTOCI, net losses on disposals of property, plant and equipment, net foreign exchange gains and impairment loss recognized on goodwill. The following table sets forth a breakdown of our other gains and losses for the years and periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>(RMB in millions)</i>			<i>(unaudited)</i>	
Net gains from changes in fair value of financial assets measured at FVTPL	39	9	3	1	17
Net losses on derecognition of bills receivables at FVTOCI	(11)	(19)	(12)	(11)	(6)
Net losses on disposals of property, plant and equipment	(0)	(18)	(4)	(6)	(4)
Net foreign exchange gains	32	10	46	16	35
Decrease in goodwill	(1)	–	–	–	–
Others	<u>1</u>	<u>2</u>	<u>(18)</u>	<u>(6)</u>	<u>(10)</u>
Total	<u>60</u>	<u>(16)</u>	<u>15</u>	<u>(6)</u>	<u>32</u>

We recorded other gains of RMB60.0 million in 2022 and other losses of RMB15.9 million in 2023, other gains of RMB14.6 million in 2024, and recorded other losses of RMB6.3 million in the nine months ended September 30, 2024 and other gains of RMB31.5 million in the nine months ended September 30, 2025, which was primarily related to (i) the fluctuations in exchange gains, mainly as result of the impact of fluctuations in the exchange rates of RMB and foreign currencies; and (ii) the changes in fair value of financial assets measured at FVTPL, which is attributable to the decrease in our structural deposit.

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Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal mainly represents bad debt loss recognized or reversed of trade receivables, contract assets and other receivables. The following table sets forth a breakdown of our credit impairment losses for the years/periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in millions)			(unaudited)	
Impairment losses recognized/(reversed) on:					
– trade receivables	446	729	594	534	(219)
– contract assets	22	19	(44)	(17)	7
– other receivables	5	2	5	(1)	(4)
Total	473	750	555	516	(216)

We recorded impairment losses under expected credit loss model, net of reversal of RMB473.2 million, RMB750.4 million and RMB555.2 million in 2022, 2023 and 2024, primarily attributable to the impairment losses recognized on trade receivable.

We recorded impairment losses under expected credit loss model, net of reversal of RMB515.7 million in the nine months ended September 30, 2024, and reversed impairment allowance of RMB215.7 million in the nine months ended September 30, 2025, primarily because the lithium battery industry recovered and resumed production, which significantly improved customers’ ability to make payments. As a result, previously anticipated credit losses were no longer expected, allowing us to write back those provisions.

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Selling and Marketing Expenses

Our selling and marketing expenses mainly represent traveling and business related expenses, staff cost related to our sales personnel and office expense. The following table sets forth a breakdown of our selling and marketing expenses by nature for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Traveling and business										
related expenses	274	66.8	347	77.0	214	59.2	140	59.8	104	49.3
Staff costs	111	26.9	92	20.4	138	38.1	83	35.5	87	41.2
Office expenses	17	4.1	6	1.3	5	1.4	7	3.0	4	1.9
Others ⁽¹⁾	9	2.2	6	1.3	5	1.3	4	1.7	16	7.6
Total	411	100.0	451	100.0	362	100.0	234	100.0	211	100.0

Note:

(1) Others primarily includes depreciation and amortization expenses and communication expense.

Administrative Expenses

Our administrative expenses mainly represent staff costs related to our administrative personnel, profession service fees, depreciation and amortization expenses, office expenses and traveling expenses. Our administrative expenses increased from 2022 to 2024, and from the nine months ended September 30, 2024 to the same period in 2025, mainly as a result of the increased number of our administrative personnel and the corresponding increase in our recruitment expenses, along with the expansion of our scale of global operations and our

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expansion of overseas markets. The following table sets forth a breakdown of our administrative expenses by nature for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Staff costs	426	57.6	594	57.4	636	56.8	516	60.1	443	50.2
Professional service fees . . .	95	12.8	110	10.6	84	7.5	74	8.7	91	10.3
Depreciation and amortization	65	8.7	73	7.0	94	8.4	63	7.3	75	8.5
Office expenses	90	12.1	131	12.6	132	11.8	104	12.1	145	16.4
Traveling expenses	6	0.9	30	2.9	35	3.1	28	3.3	14	1.6
Others ⁽¹⁾	58	7.9	96	9.5	139	12.4	74	8.5	115	13.0
Total	740	100.0	1,034	100.0	1,120	100.0	859	100.0	883	100.0

Note:

(1) Others primarily includes business entertainment expenses and utility fees.

Research and Development Expenses

Our research and development expenses mainly represent staff costs related to our research and development personnel, raw materials costs, traveling expenses, depreciation and amortization expenses. The following table sets forth a breakdown of our research and development expenses by nature for the years and periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
(unaudited)										
Staff costs	1,026	76.0	1,343	80.2	1,318	78.9	1,022	80.7	1,038	84.3
Raw material costs	211	15.6	182	10.8	153	9.2	120	9.5	68	5.5
Traveling expenses	70	5.2	90	5.4	102	6.1	65	5.1	64	5.2
Depreciation and amortization expenses . . .	18	1.4	25	1.5	32	1.9	22	1.7	21	1.7
Others ⁽¹⁾	23	1.8	35	2.1	66	3.9	37	3.0	40	3.3
Total	1,348	100.0	1,675	100.0	1,671	100.0	1,266	100.0	1,231	100.0

Note:

(1) Others primarily includes office expenses.

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Finance Costs

Our financial costs mainly represent interest on lease liabilities and bank charges for discounted bills receivables. The following table sets forth a breakdown of our financial costs by nature for the years and periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in millions)			(unaudited)	
Interest on lease liabilities	19	19	19	14	13
Interest on bank loans . . .	–	–	42	17	87
Bank charges for discounted bills receivables	1	1	1	2	–
Total	20	20	62	33	100

Income Tax Expenses

We had income tax expenses of RMB222.8 million in 2022, income tax expenses of RMB139.9 million in 2023, and income tax credit of RMB155.8 million in 2024, respectively. We had income tax expenses of RMB41.4 million and RMB121.5 million in the nine months ended September 30, 2024 and 2025, respectively.

Our income tax expenses consist of current income tax and deferred income tax assets. We are subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which we and our subsidiaries are domiciled or operating.

We and our subsidiaries located in China have been subject to EIT at a statutory tax rate of 25%, except that we and/or some of our subsidiaries were from time to time entitled to preferential tax treatments, mainly including the following:

- (i) preferential income tax rate of 15.0% due to their accreditation as high and new technology enterprises in China; and
- (ii) preferential income tax rate of 20.0% for taxable income below RMB1 million which represents 25% reduction in taxable income subject to tax, due to tax benefits available to qualified small- and medium-enterprises in the PRC.

Additionally, as of the date of this document, our subsidiaries located in the United States and the European Union, namely Lead Intelligent Equipment (USA) LLC, Lead Intelligent Equipment (Sweden) AB and Lead Intelligent Equipment (Deutschland) GmbH, were subject to corporate income tax at a statutory rate of 29.84%, 20.6% and 32.17%, respectively.

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In the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our effective tax rate, which was calculated by dividing the income tax expenses by total profit, was 8.8%, 7.3%, 9.5%, 6.6% and 9.5%, respectively.

As of the Latest Practicable Date, we did not have any material dispute with any tax authority.

Profit for the Year/Period

In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our profit for the years and periods amounted to RMB2,318.1 million, RMB1,770.8 million, RMB268.0 million, RMB587.0 million and RMB1,161.3 million, respectively.

Nine months ended September 30, 2025 Compared to nine months ended September 30, 2024

Revenue

Our total revenue increased by 14.9% from RMB9,038.4 million in the nine months ended September 30, 2024 to RMB10,387.5 million in the nine months ended September 30, 2025.

- Revenue from our sales of lithium-ion battery intelligent equipment increased by 10.9% from RMB6,268.4 million in the nine months ended September 30, 2024 to RMB6,949.0 million in the nine months ended September 30, 2025, primarily due to an increase in order and acceptance of the downstream EV battery and energy storage battery companies, as a result of the recovery of downstream EV and energy storage market.
- Revenue from our sales of PV intelligent equipment increased by 70.9% from RMB564.4 million in the nine months ended September 30, 2024 to RMB964.3 million in the nine months ended September 30, 2025, primarily due to certain of our PV equipment previously undergoing testing stage being accepted by the customers.
- Revenue from our 3C intelligent equipment decreased by 63.8% from RMB373.1 million in the nine months ended September 30, 2024 to RMB135.0 million in the nine months ended September 30, 2025, which was primarily due to the timing of customer acceptance, as a larger portion of acceptance in 2025 occurred in the fourth quarter compared to 2024.
- Revenue from our intelligent logistics equipment decreased by 38.8% from RMB1,503.8 million in the nine months ended September 30, 2024 to RMB921.0 million in the nine months ended September 30, 2025, primarily due to the timing

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of customer acceptance, as the prior period reflected concentrated acceptance of several sizeable projects, while major orders in the current period were still in execution and had not yet reached contractual acceptance milestones for revenue recognition.

- Revenue from our other business increased significantly from RMB328.7 million in the nine months ended September 30, 2024 to RMB1,418.2 million in the nine months ended September 30, 2025, primarily due to the acceptance of orders by customers, including an automotive intelligent production line project that had previously been undergoing testing.

Cost of Sales

Our cost of sales increased by 22.4% from RMB5,866.2 million in the nine months ended September 30, 2024 to RMB7,183.0 million in the nine months ended September 30, 2025, which is generally in line with the increase in revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 1.0% from RMB3,172.3 million in the nine months ended September 30, 2024 to RMB3,204.6 million in the nine months ended September 30, 2025, as a result of the foregoing. Our gross profit margin decreased from 35.1% in the nine months ended September 30, 2024 to 30.9% in the nine months ended September 30, 2025.

- our gross profit for lithium-ion battery equipment decreased by 8.4% from RMB2,462.7 million for the nine months ended September 30, 2024 to RMB2,254.7 million for the nine months ended September 30, 2025, with gross margin decreasing from 39.3% to 32.5% during the same periods, primarily because of a change in the mix of equipment accepted by customers during the nine months ended September 30, 2025, including a higher proportion of relatively lower-margin equipment and contract deliveries.
- our gross profit for the PV intelligent equipment increased by 15.1% from RMB165.1 million for the nine months ended September 30, 2024 to RMB190.0 million for the nine months ended September 30, 2025, with gross margin decreasing from 29.3% to 19.7% during the same periods, primarily because the PV intelligent equipment accepted by the customers during the nine months ended September 30, 2024 was of relatively higher profit margin, owing to differing customer demand.

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- our gross profit for 3C intelligent equipment decreased from RMB154.1 million for the nine months ended September 30, 2024 to RMB43.4 million for the nine months ended September 30, 2025, with gross margin decreasing from 41.3% to 32.1% during the same periods, primarily because the 3C intelligent equipments accepted by the customers during the nine months ended September 30, 2024 was of relatively higher profit margin.
- our gross profit for intelligent logistics equipment decreased by 38.2% from RMB269.5 million for the nine months ended September 30, 2024 to RMB166.5 million for the nine months ended September 30, 2025, while our gross margin remained relatively stable at 17.9% and 18.1% during the same periods, respectively.
- our gross profit for others increased by 355.2% from RMB120.8 million for the nine months ended September 30, 2024 to RMB549.9 million for the nine months ended September 30, 2025, with gross margin increasing from 36.8% to 38.8% during the same period, primarily because higher-margin projects, including an automotive intelligent production line project, accounted for a higher proportion of revenue in the nine months ended September 30, 2025.

Other Income and Expenses

Our other income and expenses decreased by 30.6% from RMB369.6 million in the nine months ended September 30, 2024 to RMB256.6 million in the nine months ended September 30, 2025, primarily due to a decrease in value-added tax refund and additional deduction, primarily due to (i) policy changes and (ii) limit on VAT refund received in relation to VAT carried forward from the previous period, which cannot exceed actual VAT paid in 2025.

Other Gains and Losses

Our other losses of RMB6.3 million in the nine months ended September 30, 2024 changed to other gains of RMB31.5 million in the nine months ended September 30, 2025, primarily due to (i) an increase in net foreign exchange gains, primarily due to the fluctuations in the exchange rates of RMB and foreign currencies; (ii) an increase in net gains from changes in fair value of financial assets measured at FVTPL, primarily due to the maturity of structured deposit products; and (iii) a decrease in net losses on derecognition of bills receivables at FVTOCI.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal changed from losses of RMB515.7 million in the nine months ended September 30, 2024 to reversed impairment allowance of RMB215.7 million in the nine months ended September 30, 2025, primarily due to the impairment losses reversed on trade receivables the lithium battery

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industry recovered and resumed production, which significantly improved customers’ ability to make payments. As a result, previously anticipated credit losses were no longer expected, allowing us to write back those provisions.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 10.1% from RMB233.4 million in the nine months ended September 30, 2024 to RMB210.0 million in the nine months ended September 30, 2025 mainly due to our efforts to improve operational efficiency by tightening control over key spending categories such as business entertainment and market promotion costs. Our selling and marketing expenses as a percentage of revenue was 2.6% and 2.0% for the nine months ended September 30, 2024 and 2025, respectively.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB858.9 million in the nine months ended September 30, 2024 and RMB883.0 million in the nine months ended September 30, 2025. Our administrative expenses as a percentage of revenue was 9.5% and 8.5% for the nine months ended September 30, 2024 and 2025, respectively.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB1,266.2 million for the nine months ended September 30, 2024 and RMB1,231.2 million for the nine months ended September 30, 2025, and as a percentage of revenue decreased from 14.0% for the nine months ended September 30, 2024 to 11.9% for the nine months ended September 30, 2025, primarily driven by our enhanced measures, which required R&D teams to adopt a more targeted approach to problem-solving, thereby reducing redundant experiments and saving on materials.

Finance Costs

Our finance costs increased by 202.8% from RMB32.9 million in the nine months ended September 30, 2024 to RMB99.5 million in the nine months ended September 30, 2025, primarily due to increase in interest on bank loans as our borrowings increased significantly to finance our net operating cash outflow position in 2024 caused by slowdown of capacity expansion of downstream customers. We expect the impact to be short-term as we are witnessing gradual recovery of the downstream market with uptick in orders and net operating cash inflow position in the nine months ended September 30, 2025.

Income tax (expense) credit

Our income tax expenses increased by 193.7% from RMB41.4 million in the nine months ended September 30, 2024 to RMB121.5 million in the nine months ended September 30, 2025, primarily due to an increase in total profit before tax. In the nine months ended September 30,

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2024 and 2025, our effective tax rate was 6.6% and 9.5%, respectively. The increase in our effective tax rate was primarily due to total profit before tax increasing at a faster pace than the tax benefits associated with our R&D expenses, including R&D-related tax deductions.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 97.9% from RMB587.0 million in the nine months ended September 30, 2024 to RMB1,161.3 million in the nine months ended September 30, 2025 and our net profit margin increased from 6.5% in the nine months ended September 30, 2024 to 11.2% in the nine months ended September 30, 2025.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our total revenue decreased by 28.6% from RMB16,483.3 million in the year ended December 31, 2023 to RMB11,773.4 million in the year ended December 31, 2024, primarily due to decrease in revenue derived from sales of lithium-ion battery intelligent equipment and PV intelligent equipment.

- Revenue from our sales of lithium-ion battery intelligent equipment decreased by 39.2% from RMB12,641.8 million in the year ended December 31, 2023 to RMB7,688.5 million in the year ended December 31, 2024, primarily due to a decrease in order and prolonged acceptance period of lithium-ion battery equipment in 2023 due to slowdown in capacity expansion of downstream EV battery and energy storage battery companies with new production capacity pending further release, as well as the slowdown in the growth of the EV market and the weakening of policy support from 2023 represented by the phase-out of the purchase subsidy policy for new energy vehicles at the end of 2022 in China, leading to the weakened performance of industry, resulting in a decrease in revenue recognized from such orders in 2024.
- Revenue from our sales of PV intelligent equipment decreased by 15.7% from RMB1,028.3 million in the year ended December 31, 2023 to RMB867.0 million in the year ended December 31, 2024, primarily due to the weakened performance of the PV intelligent equipment industry since the second half of 2023 due to overcapacity of the PV industry.
- Revenue from our 3C intelligent equipment decreased by 1.4% from RMB698.5 million in the year ended December 31, 2023 to RMB688.8 million in the year ended December 31, 2024.

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- Revenue from our intelligent logistics equipment increased by 30.5% from RMB1,431.0 million in the year ended December 31, 2023 to RMB1,867.3 million in the year ended December 31, 2024, primarily because we recognized revenue generated from the orders that we secured in previous years due to the relatively long acceptance period of certain customers.
- Revenue from our other business decreased by 3.2% from RMB683.8 million in the year ended December 31, 2023 to RMB661.7 million in the year ended December 31, 2024.

Cost of Sales

Our cost of sales decreased by 25.7% from RMB11,089.8 million in the year ended December 31 2023 to RMB8,235.8 million in the year ended December 31 2024, generally in line with our revenue fluctuation and taking into consideration the increase in write-down of inventories.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 34.4% from RMB5,393.5 million in the year ended December 31, 2023 to RMB3,537.5 million in the year ended December 31, 2024 as a result of the foregoing. Our gross profit margin decreased from 32.7% in the year ended December 31, 2023 to 30.0% the year ended December 31, 2024. The decrease in gross profit margin was mainly due to increase in write-down of inventories from RMB411.5 million to RMB548.7 million during the same period.

- Gross profit from our sales of lithium-ion battery intelligent equipment decreased by 43.5% from RMB4,606.5 million in the year ended December 31, 2023 to RMB2,601.5 million in the year ended December 31, 2024. The gross profit margin of our sales of lithium-ion battery intelligent equipment decreased from 36.4% in the year ended December 31, 2023 to 33.8% in the year ended December 31, 2024, primarily due to increase in write-down of inventories from RMB284.7 million to RMB392.5 million during the same period. The decrease could also be partly attributable to our decrease in revenue from top customers in 2024 with higher profit margin.
- Gross profit from our sales of PV intelligent equipment decreased by 39.3% from RMB131.2 million in the year ended December 31, 2023 to RMB79.6 million in the year ended December 31, 2024. The gross profit margin from our sales of PV intelligent equipment decreased from 12.7% in 2023 to 9.2% in 2024, primarily due to increase in write-down of inventories from RMB41.3 million to RMB128.1 million during the same period, resulting from decrease in end-market demand of downstream PV industry, and the corresponding slowdown in capacity expansion of such downstream industry, leading to enhanced market competition and lower profit margin.

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- Gross profit from our sales of 3C intelligent equipment decreased by 23.0% from RMB288.5 million in the year ended December 31, 2023 to RMB222.1 million in the year ended December 31, 2024. The gross profit margin of our sales of 3C intelligent equipment decreased from 41.3% in the year ended December 31, 2023 to 32.2% in the year ended December 31, 2024 primarily due to our maintenance services which come with higher profit margin accounted for higher proportion of revenue in 2023.
- Gross profit from our sales of intelligent logistics equipment increased by 423.0% from RMB74.3 million in the year ended December 31, 2023 to RMB388.6 million in the year ended December 31, 2024. The gross profit margin of our sales of intelligent logistics equipment increased from 5.2% in the year ended December 31, 2023 to 20.8% in the year ended December 31, 2024, primarily because (i) delivery of certain overseas order incurred higher shipping cost in 2023; and (ii) the post-pandemic global supply chains gradually stabilized and our shipping cost for overseas orders in 2024 reduced to a normal range.
- Gross profit from our other business decreased by 16.1% from RMB293.1 million in the year ended December 31, 2023 to RMB245.8 million in the year ended December 31, 2024. The gross profit margin of our other business decreased from 42.8% in the year ended December 31, 2023 to 37.1% in the year ended December 31, 2024, primarily due to the decrease in the proportion of sales from products and services of relatively higher margin.

Other Income and Expenses

Our other income and expenses decreased by 28.9% from RMB464.3 million in the year ended December 31, 2023 to RMB330.3 million in the year ended December 31, 2024, primarily due to (i) a decrease in others, primarily related to increase in additional other business expenses; and (ii) a decrease in interest income from banks.

Other Gains and Losses

We accounted other losses of RMB15.9 million in the year ended December 31, 2023 and other gains of RMB14.6 million in the year ended December 31, 2024, primarily due to an increase in net foreign exchange gains, mainly as a result of the impact of fluctuations in the exchange rates of RMB and foreign currencies.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal decreased by 26.0% from RMB750.4 million in the year ended 2023 to RMB555.2 million in the year ended 2024, primarily due to decrease in impairment losses recognized on trade receivables, corresponding to the decrease in our size of trade receivables.

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Selling and Marketing Expenses

Our selling and marketing expenses decreased by 19.7% from RMB451.0 million in the year ended December 31, 2023 to RMB362.4 million in the year ended December 31, 2024, primarily due to decrease in traveling and business related expenses as we hired international business sales and marketing employees, partially offset by an increase in staff cost, primarily due to the same reason.

Administrative Expenses

Our administrative expenses increased by 8.3% from RMB1,034.0 million in the year ended December 31, 2023 to RMB1,119.7 million in the year ended December 31, 2024, primarily due to an increase in (i) others, primarily due to an increase in recruitment expenses; and (ii) staff cost, mainly as a result of the expansion of the Group’s scale of global operations.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB1,675.6 million in the year ended December 31, 2023 and RMB1,670.7 million in the year ended December 31, 2024.

Finance Costs

Our finance costs increased by 207.6% from RMB20.2 million in the year ended December 31, 2023 to RMB62.2 million in the year ended December 31, 2024, primarily due to our increased interest on bank loans.

Income tax (expense) credit

We recorded income tax expense of RMB139.9 million in the year ended December 31, 2023 and income tax credit of RMB155.8 million in the year ended December 31, 2024, primarily due to decrease in total profit before tax and also taking into consideration other preferential tax treatments.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 84.9% from RMB1,770.8 million in the year ended December 31, 2023 to RMB268.0 million in the year ended December 31, 2024 and our net profit margin decreased from 10.7% in the year ended December 31, 2023 to 2.3% in the year ended December 31, 2024.

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Comparisons for the years ended December 31, 2023 and 2022

Revenue

Our total revenue increased by 19.1% from RMB13,836.1 million in the year ended December 31, 2022 to RMB16,483.3 million in the year ended December 31, 2023, primarily due to increases in revenue derived from sales of lithium-ion battery intelligent equipment, PV intelligent equipment and intelligent logistics equipment.

- Revenue from our sales of lithium-ion battery intelligent equipment increased by 27.1% from RMB9,944.4 million in the year ended December 31, 2022 to RMB12,641.8 million in the year ended December 31, 2023, primarily due to our larger portfolio of competitive products by leveraging previous research and development efforts which resulted in enhanced product quality and customer satisfaction and increased sales driven by overall growth of the lithium-ion battery and end product markets.
- Revenue from our sales of PV intelligent equipment increased by 121.9% from RMB463.5 million in the year ended December 31, 2022 to RMB1,028.3 million in the year ended December 31, 2023, primarily due to (i) increased sales driven by overall growth of the PV end product markets and (ii) our larger portfolio of competitive products being acknowledged and accepted by new and existing customers, which was a result of the Group’s continuous improvement of research and development capabilities.
- Revenue from our 3C intelligent equipment remained relatively stable, amounted to RMB605.8 million in the year ended December 31, 2022 and RMB698.5 million in the year ended December 31, 2023.
- Revenue from our intelligent logistics equipment slightly decreased by 15.6% from RMB1,694.5 million in the year ended December 31, 2022 to RMB1,431.0 million in the year ended December 31, 2023, primarily because the revenue from certain orders we secured in 2022 was recognized in 2024 due to the relatively long acceptance period of our customers.
- Revenue from our other business decreased from RMB1,127.9 million in the year ended December 31, 2022 to RMB683.8 million in the year ended December 31, 2023, primarily because we completed the delivery for orders with large contract amount in 2022.

Cost of Sales

Our cost of sales increased by 26.4% from RMB8,771.1 million in the year ended December 31, 2022 to RMB11,089.8 million in the year ended December 31, 2023, primarily due to increases in costs of raw materials, generally in line with revenue growth.

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Gross Profit and Gross Profit Margin

Our gross profit increased by 6.5% from RMB5,065.0 million in the year ended December 31, 2022 to RMB5,393.5 million in the year ended December 31, 2023 as a result of the foregoing. Our gross profit margin decreased from 36.6% in the year ended December 31, 2022 to 32.7% in the year ended December 31, 2023.

- Gross profit from our sales of lithium-ion battery intelligent equipment increased by 20.3% from RMB3,829.4 million in the year ended December 31, 2022 to RMB4,606.5 million in the year ended December 31, 2023. The gross profit margin from our sales of lithium-ion battery intelligent equipment decreased from 38.5% in the year ended December 31, 2022 to 36.4% in the year ended December 31, 2023, primarily due to increase in write-down of inventories from RMB51.0 million to RMB285.0 million during the same period, which primarily resulted from the challenging downstream market conditions, leading to enhanced market competition and lower profit margin.
- Gross profit from our sales of PV intelligent equipment increased by 56.8% from RMB83.7 million in the year ended December 31, 2022 to RMB131.2 million in the year ended December 31, 2023. The gross profit margin from our sales of PV intelligent equipment decreased from 17.9% in the year ended December 31, 2022 to 12.7% in the year ended December 31, 2023, primarily due to increased sales of PV intelligent equipment with relatively lower profit margins, which primarily resulted from the challenging downstream market conditions, leading to enhanced market competition and lower profit margin.
- Gross profit from our sales of 3C intelligent equipment increased at RMB188.8 million in the year ended December 31, 2022 and RMB288.5 million in the year ended December 31, 2023. The gross profit margin from our sales of 3C intelligent equipment increased from 31.2% in the year ended December 31, 2022 to 41.3% in the year ended December 31, 2023, primarily due to increased sales of 3C intelligent equipment with relatively higher profit margins.
- Gross profit from our sales of intelligent logistics equipment decreased at RMB314.5 million in the year ended December 31, 2022 and RMB74.3 million in the year ended December 31, 2023. The gross profit margin from our sales of intelligent logistics equipment decreased from 18.6% in the year ended December 31, 2022 to 5.2% in the year ended December 31, 2023, primarily as our overseas orders delivered during the epidemic in 2023 incurred more shipping costs, resulting in increased cost.

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- Gross profit from our other business decreased from RMB648.6 million in the year ended December 31, 2022 to RMB293.1 million in the year ended December 31, 2023. The gross profit margin from our other business decreased from 57.5% in the year ended December 31, 2022 to 42.8% in the year ended December 31, 2023, mainly due to enhanced market competition, resulting in relatively lower profit margin.

Other Income and Expenses

Our other income and expenses increased by 13.7% from RMB408.3 million in the year ended December 31, 2022 to RMB464.3 million in the year ended December 31, 2023, primarily due to the increased value-added tax refund for software product and additional deduction.

Other Gains and Losses

Our other gains decreased by 103.6% from other gains of RMB60.0 million in the year ended December 31, 2022 to other losses of RMB15.9 million in the year ended December 31, 2023, primarily due to (i) the changes in fair value of financial assets measured at FVTPL, which is attributable to the decrease in our structural deposit, and (ii) exchange losses mainly as result of the impact of fluctuations in the exchange rates of RMB and foreign currencies.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal increased by 58.6% from RMB473.2 million in the year ended December 31, 2022 to RMB750.4 million in the year ended December 31, 2023, primarily due to aging of our trade receivables reflecting increased risk of non-recoverability.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 9.7% from RMB410.8 million in the year ended December 31, 2022 to RMB451.0 million in the year ended December 31, 2023, primarily due to our increased traveling and business related expenses, which is attributable to our business expansion and increase in sales.

Administrative Expenses

Our administrative expenses increased by 39.6% from RMB740.6 million in the year ended December 31, 2022 to RMB1,034.0 million in the year ended December 31, 2023, primarily due to increases in (i) staff cost mainly as a result of the increased number of our administrative personnel; and (ii) travel expenses due to our expansion of overseas markets.

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Research and Development Expenses

Our research and development expenses increased by 24.3% from RMB1,347.9 million in the year ended December 31, 2022 to RMB1,675.6 million in the year ended December 31, 2023, reflecting our focus on research and development activities, primarily due to our increased employee salaries and other benefits mainly as a result of the expansion of our scale of operations and increased number of our research and development personnel, partially offset by decreased raw materials used in our R&D projects, as our R&D projects entered into later phases and required less materials.

Finance Costs

Our financial costs remained stable, amounting to RMB20.1 million in the year ended December 31, 2022 and RMB20.2 million in the year ended December 31, 2023, respectively.

Income Tax Expenses

Our income tax expenses decreased by 37.2% from RMB222.8 million in the year ended December 31, 2022 to RMB139.9 million in the year ended December 31, 2023, primarily due to decrease in total profit before tax. In the years ended December 31, 2022 and 2023, our effective tax rate was 8.8% and 7.3%, respectively. The decrease in our effective tax rate was primarily due to an increase in tax deductibles for research and development activities.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 23.6% from RMB2,318.1 million in the year ended December 31, 2022 to RMB1,770.8 million in the year ended December 31, 2023, and our net profit margin decreased from 16.8% in 2022 to 10.7% in 2023.

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DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>(RMB in millions)</i>			
Total current assets	28,976	30,690	30,572	33,261
Total non-current assets	3,930	4,532	5,522	5,662
Total assets	32,906	35,222	36,094	38,923
Total current liabilities	21,410	22,990	21,665	23,311
Total non-current liabilities .	371	384	2,850	2,910
Total liabilities	21,781	23,374	24,515	26,221
Net current assets	7,566	7,700	8,907	9,950
Total equity	11,125	11,847	11,579	12,702

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	<i>(RMB in millions)</i>				<i>(unaudited)</i>
Current assets:					
Inventories	12,405	13,207	13,580	14,862	15,401
Bills, trade and other receivables	7,427	11,141	10,658	9,981	9,431
Contract assets	1,212	1,567	726	852	833
Tax recoverable	0 ⁽¹⁾	0 ⁽¹⁾	54	96	89
Financial assets at fair value through profit or loss (“FVTPL”) . .	301	60	432	1,117	1,017
Bills receivables at fair value through other comprehensive income (“FVTOCI”) .	1,247	918	786	741	604

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	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	<i>(RMB in millions)</i>				<i>(unaudited)</i>
Time deposits	215	128	106	152	325
Restricted bank deposits	1,698	1,384	869	675	605
Cash and cash equivalents	4,471	2,285	3,360	4,785	5,351
Total current assets . .	28,976	30,690	30,572	33,261	33,656
Current liabilities:					
Bills, trade and other payables	11,001	10,019	8,114	9,054	8,811
Contract liabilities	10,132	12,573	11,597	13,295	13,751
Tax liabilities	143	51	17	1	2
Borrowings	–	184	1,786	824	1,426
Lease liabilities	134	163	151	137	137
Total current liabilities	21,410	22,990	21,665	23,311	24,127
Net current assets	7,566	7,700	8,907	9,950	9,529

Note:

- (1) For clarification, “–” indicates that there is no amount for the item, while a “0” in the table is a displayed result due to rounding, while an actual amount exists.

Our net current assets decreased to RMB9,529.3 million as of November 30, 2025 from RMB9,950.2 million as of September 30, 2025, primarily due to (i) an increase of RMB602.5 million in borrowings and (ii) an increase of RMB456.1 million in contract liabilities, partially offset by an increase of RMB565.7 million in cash and cash equivalents.

Our net current assets increased to RMB9,950.2 million as of September 30, 2025 from RMB8,907.1 million as of December 31, 2024, primarily due to (i) an increase of RMB1,425.0 million in cash and cash equivalents and (ii) an increase of RMB1,282.4 million in inventories, partially offset by an increase of RMB1,697.7 million in contract liabilities.

Our net current assets increased to RMB8,907.1 million as of December 31, 2024, from RMB7,700.1 million as of December 31, 2023, primarily due to (i) a decrease of RMB1,905.2 million in bills, trade and other payables and (ii) a decrease of RMB975.8 million in contract liabilities, partially offset by (i) an increase of RMB1,602.1 million in borrowings and (ii) a decrease of RMB514.8 million in restricted bank deposits.

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Our net current assets increased from RMB7,566.1 million as of December 31, 2022 to RMB7,700.1 million as of December 31, 2023, primarily due to (i) an increase of RMB3,714.0 million in bills, trade and other receivables, and (ii) an increase of RMB2,441.3 million in contract liabilities, partially offset by a decrease of RMB2,186.0 million in cash and cash equivalents.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of property and buildings, production equipment, transportation vehicle, electronic equipment, office equipment, construction in progress and leasehold improvements. Our buildings and facilities primarily consist of production bases and office buildings. Our electronic and other equipment primarily consists of office equipment and transportation equipment. Our construction in progress primarily consists of construction of intelligent equipment industrial park in southern China and equipment to be installed. The following table sets forth the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in millions)			
Buildings and facilities	655	724	1,596	1,538
Leasehold improvements . . .	338	364	441	583
Freehold land	12	13	12	13
Machinery	152	150	154	186
Electronic and other equipment	222	216	206	170
Construction in progress . . .	178	439	424	507
Total	1,557	1,906	2,833	2,997

Our property, plant and equipment increased from RMB1,556.7 million as of December 31, 2022 to RMB1,906.3 million as of December 31, 2023, and then increased to RMB2,833.1 million as of December 31, 2024 and then increased to RMB2,997.4 million as of September 30, 2025, primarily due to plants and buildings that finished construction and the related renovations.

Right-of-use Assets

Our right-of-use assets represent our interests in (i) leasehold land; and (ii) leased properties, representing premises used as our offices and plant. Our right-of-use assets increased by 8.7% from RMB694.6 million as of December 31, 2022 to RMB755.1 million as of December 31, 2023, primarily due to addition of a new lease of properties used as our office.

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Our right-of-use assets decreased by 7.9% to RMB695.1 million as of December 31, 2024, mainly attributed to the depreciation charged during the year. Our right-of-use assets increased by 22.5% to RMB851.3 million as of September 30, 2025, primarily due to an increase in lease of properties.

Inventories

Our inventories primarily comprise (i) raw materials, mainly including controllers, electrical components, cylinders and sensors, (ii) work in progress, and (iii) goods delivered.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in millions)			
Raw materials	795	759	503	641
Work in progress	4,420	3,769	4,051	4,720
Finished goods	6	39	—	—
Goods delivered	7,184	8,641	9,026	9,501
Total	12,405	13,207	13,580	14,862

Our inventories increased from RMB12,405.4 million as of December 31, 2022 to RMB13,207.0 million as of December 31, 2023, primarily due to the increase in goods delivered, primarily due to the relatively long acceptance period of our customers. Our inventories remained stable, amounting to RMB13,580.0 million as of December 31, 2024. As of September 30, 2025, our inventories further increased to RMB14,862.4 million, which was primarily due to increases in work in progress and goods delivered, driven by higher production and deliveries in response to increased sales and orders, as well as the continued impact of our customer acceptance cycle, under which goods already delivered remain recorded as inventory until customer acceptance is confirmed in accordance with our revenue recognition policy. We had a small portion of raw materials, primarily because we placed purchase orders for raw materials upon signing sales contracts with our customer and based on our manufacturing plans.

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The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in millions)			
Within one year	7,899	6,518	6,614	8,431
One to two years	3,155	4,764	4,528	3,840
Over two years	1,351	1,925	2,438	2,591
Total	12,405	13,207	13,580	14,862

We had a relatively large amount of inventories aged more than one year, the majority of which are goods delivered, primarily because our revenue from sales of intelligent equipment is generally recognized fully upon the receipt of customer acceptance. See “— Materials Accounting Policies And Estimates — Revenue Recognition — Sales of intelligent equipment” for details. We usually require our customers to settle approximately between 60% to 80% of the total contractual amount when the products are ready for shipment, based on the contract terms and the actual progress of the transaction, thus mitigating the impact of relatively large portion of goods delivered on the structure of our inventory. We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We regularly review our inventories to identify items with low sales or usage value and make impairment provisions accordingly. We further assess inventories based on the lower of cost or net realizable value to make any additional impairment provisions.

The following table sets forth our inventory turnover days for the years/periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
	(days)			
Inventory turnover days ⁽¹⁾ . .	419.9	421.5	593.6	540.5

Note:

- (1) Inventory turnover days for a year equals to the average of opening balance and ending inventories balance divided by cost of sales for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year and 273 days for the nine months ended September 30, 2025.

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Our inventory turnover days were primarily affected by production cycles, customer delivery deadlines and other related factors that we take into consideration in ensuring timely supply during regular production processes. Our turnover days remained stable at 419.9 days in 2022 and 421.5 days in 2023, increased to 593.6 days in 2024 and then decreased to 540.5 days in the nine months ended September 30, 2025. The relatively long inventory turnover days during the Track Record Period was primarily due to our revenue recognition policy for revenue from the sales of intelligent equipment, which is only recognized upon receipt of customer acceptance. Goods that have already been delivered remain recorded as inventory until customer acceptance is confirmed, resulting in a significant amount of inventory being held on the balance sheet, thereby extending the inventory turnover period. This accounting treatment is consistent with the movements in our inventory composition, where goods delivered constituted a significant portion of total inventories throughout the Track Record Period. Our relatively long inventory turnover days in 2024 and the nine months ended September 30, 2025 were primarily due to (i) our strategic decision to expand overseas sales and increase sales to overseas customers, which typically have longer acceptance period than domestic customers. Our revenue from overseas sales increased 26.3% from RMB2,241.6 million in 2023 to RMB2,831.3 million in 2024, and as a percentage of total revenue in the same years increased from 13.6% to 24.0%. Revenue from overseas sales remained relatively stable at RMB2,199.8 million in the nine months ended September 30, 2024 and RMB2,015.3 million in the nine months ended September 30, 2025; and (ii) delays in domestic customer acceptance, primarily due to their reduced demand for expansion of production capacity, as our customers tend to delay their capacity expansion even when they had already ordered our products for delivery, and wait for the rebounding of downstream customer demand before confirming their acceptance and actually putting the equipment into use. We take inventory management measures to make sure that we achieve a production-to-sales balance to minimize inventory backlog while ensuring timely delivery to customers, which include limiting the stockpiling period for raw materials, shortening production cycles and setting sales targets.

During the Track Record Period, we have experienced extended acceptance period, being the time gap between delivery and revenue recognition, as we recognize revenue from sales of intelligent equipment upon the receipt of customer acceptance, which is formally acknowledged through signed customer confirmation verifying that the equipment meets the specified requirements and is fully operational to the customer’s satisfaction. Our average acceptance period more than doubled from approximately six to ten months in 2022 and 2023 to more than 15 months in 2024. In order to shorten our product acceptance period, we have taken the following measures:

- Standardized operation standards: We specify the operation standards of the whole on-site delivery process in details to normalize and standardize the delivery process, and reduce the waste of time and the recurrence of problems due to non-standard operations.
- Digitalized follow-up: We use business intelligence system to track the on-site problems in real time and monitor the dynamic management of the acceptance process, in order to identify and solve problems in a timely manner.

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- Stage-by-stage resource matching: For the products already delivered pending acceptance, we allocate corresponding level of personnels with experiences matching the requirement considering their delayed acceptance stages, so as to enhance the efficiency of on-site debugging and accelerate the acceptance process.
- High-frequency regular meeting review: Our project team organizes weekly acceptance meetings to review the progress of the projects, discuss and solve any identified problems in a timely manner to ensure that the problems be solved within a week’s time and to avoid delaying the acceptance due to accumulation of problems.
- KPI system assessment: We incorporate the product acceptance period into the annual core KPI system, and each business unit carries out a special meeting on acceptance every two weeks, integrates the middle and back-office resources, and focuses on overcoming acceptance problems, so as to further compress the acceptance cycle.

As a result of the foregoing efforts, our average acceptance period decreased in the nine months ended September 30, 2025 to less than 13 months.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the write-down of inventories was approximately RMB114.9 million, RMB411.5 million, RMB548.7 million, RMB84.9 million and RMB170.4 million, respectively, which was recorded under the cost of sales. We are of the view that we have made sufficient impairment provision for inventories during the Track Record Period and there is no material recoverability issue for our inventories.

We not only write down inventory at times of actual losses, but also after making prudent assessment of the realizable net value of inventories in advance, especially for inventories with longer aging to reflect their slow turnover cycle. The challenging downstream market conditions led to enhanced market competition and imposed challenges on our customers, reducing their demand for expansion of production capacity. Some customers, despite having placed orders for our products, are delaying their expansion plans, choosing to await a recovery in downstream demand before confirming acceptance and deploying the equipment. Accordingly, we made assessment of the net realizable value of inventories and made provisions accordingly. As a result, the write-down of inventories increased from 2022 to 2024. An inventory write-down does not necessarily lead to actual inventory impairment losses because it is provision that often reflects management’s precautionary measures rather than actualized losses. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our subsequent reversal of write-down of inventories amounted to RMB61.8 million, RMB24.7 million, RMB154.1 million, RMB124.8 million and RMB192.7 million, respectively. The reversal of inventory write-downs in the nine months ended September 30, 2025 was primarily due to the acceptance of certain delayed orders previously written off. In relation to the inventory in progress or completed manufacturing process, we regularly assess each project status, including reviewing delivery and installation statuses, the overall progress

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of our customers’ projects, and monitoring any adverse news concerning our customers, to identify any irregularities or potential impact to our inventory valuation. Thus, the provisions may arise from uncertainties, such as potential disruptions in customer operations, or from long acceptance cycles where anticipated costs exceed contract values. In relation to the raw materials, we regularly assess our inventory to determine its condition and make provisions for any items that are obsolete or slow-moving. Based on the above, we believe sufficient provision has been made. The provision would be reversed and reduce the cost of sales when the related revenue is recognized eventually upon the receipt of customer acceptance.

Our management take proactive steps to mitigate these risks, such as improving communication with customers to expedite acceptance processes, seeking alternative sales opportunities, and dynamically adjusting production plans in response to market or demand changes, which can effectively reduce the likelihood of actual impairment losses. Based on the above, we believe there is no material recoverability issue for inventories.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, our cancelled orders (as evidenced by a subsequent cancellation agreement) amounted to RMB248.4 million, RMB238.0 million, RMB605.4 million and RMB307.5 million, respectively, accounting for 1.8%, 1.4%, 5.1% and 3.0% of our total revenue for the year or period, respectively. We generally do not accommodate for cancellation after delivery of products per our contract terms. Any cancellation is negotiated on a case-by-case basis and we only consider such negotiation under special circumstances per specific customer request. We have not suffered material losses due to cancellation of orders during the Track Record Period, as we have to the extent possible conducted resales to other customers with limited adjustment to our products. See “Risk Factors — We face risks associated with customer order cancellations that may adversely affect our financial performance.” During the Track Record Period, we do not have any loss-making projects.

As of November 30, 2025, RMB1,066.8 million, or approximately 7.2% of our inventories as of September 30, 2025 had been sold or utilized. As of the same date, RMB6,529.4 million, of approximately 48.1% of our inventories as of December 31, 2024 had been sold or utilized. As of the same date, RMB9,416.1 million, or approximately 71.3% of our inventories as of December 31, 2023 had been sold or utilized. Also as of the same date, RMB10,378.9 million, or approximately 83.7% of our inventories as of December 31, 2022 had been sold or utilized.

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Bills, Trade and Other Receivables

Our bills, trade and other receivables mainly comprise trade receivables, bills receivables and other receivables. The following table sets forth a breakdown of our bills, trade and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in millions)			
Trade receivables				
– due from related parties . .	3,525	2,561	1,207	1,167
– due from third parties . . .	3,946	8,940	9,766	9,125
	<u>7,471</u>	<u>11,501</u>	<u>10,973</u>	<u>10,292</u>
Less: Allowance for credit losses	(1,025)	(1,752)	(2,347)	(2,128)
	<u>6,446</u>	<u>9,749</u>	<u>8,626</u>	<u>8,164</u>
Bills receivables				
– bank acceptance bills . . .	<u>368</u>	<u>637</u>	<u>956</u>	<u>565</u>
Prepayments and other receivables				
Prepayment to suppliers . . .	371	276	400	556
Value added tax recoverable	142	377	571	581
Deposits for tendering and performance	100	88	83	74
Amounts due from related parties – trade related . . .	– ⁽¹⁾	0 ⁽¹⁾	7	1
Amounts due from related parties – non-trade related	–	0	1	–
Deferred issue costs	–	–	–	23
Other receivables	25	43	47	42
Less: Allowance for credit losses	(25)	(28)	(33)	(25)
	<u>613</u>	<u>755</u>	<u>1,076</u>	<u>1,252</u>
	<u>7,427</u>	<u>11,141</u>	<u>10,658</u>	<u>9,981</u>

Note:

- (1) For clarification, “–” indicates that there is no amount for the item, while a “0” in the table is a displayed result due to rounding, while an actual amount exists.

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Our bills, trade and other receivables increased from RMB7,426.8 million as of December 31, 2022 to RMB11,140.8 million as of December 31, 2023, primarily as a result of the increase in trade receivables, which is primarily attributable to the increase in our sales. Our bills, trade and other receivables slightly decreased to RMB10,658.4 million as of December 31, 2024, and further decreased to RMB9,981.2 million as of September 30, 2025, primarily due to our increased efforts in collection of trade receivables.

In order to enhance the collection of trade receivables, our finance team monitors trade receivables closely and prepares a monthly aging report showing the customers’ due amounts for the management’s review. Our sales team also evaluates such invoices on a case-by-case basis and follows up with the customers to collect the trade receivables. We generally endeavor to collect our trade receivables through friendly negotiation, in order to maintain long term business relationship with these customers. However, if the outstanding trade receivables are not settled despite further communications, we may take legal actions against our customers to recover the balances.

The following table sets forth an aging analysis of our trade receivables, net of allowance for credit losses, presented based on revenue recognition dates:

	As of December 31,			As of
	2022	2023	2024	September 30,
				2025
	<i>(RMB in millions)</i>			
Within 1 year	4,770	7,299	4,793	5,086
1 year to 2 years	1,475	2,113	3,266	2,649
2 years to 3 years	201	312	567	429
Over 3 years	—	25	—	—
Total	<u>6,446</u>	<u>9,749</u>	<u>8,626</u>	<u>8,164</u>

We had a relatively large amount of trade receivables aged over one year, primarily because (i) the industry environment in the downstream market has been increasingly competitive; and (ii) our products are generally subject to a one-year warranty period, after which such amount are included in our trade receivables with aging more than one year if not paid. We have taken stringent internal measures to enhance the management and collection of trade receivables. During the Track Record Period, most of our trade receivables were less than one year. We maintained effective communication with our customers, and no material recoverability issue was identified. We have made sufficient provisions for trade receivables based on the provision matrix approach and the individual assessment approach. We evaluate the related accounting policies and historical judgments adopted in the assessment of expected credit loss. We examine the recoverability based on the financial and non-financial status of the customers and other external factors and considerations. For customers with no significant risk of default, we adopt the provision matrix approach, which considers the macro economic of China and Global market, the long term industry growth rate and the credit risk of the customer portfolio. For customers with significant default risk or indication, we assess the respective collectability individually.

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The following table sets forth the turnover days of our trade receivables for the years and periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
	(days)			
Trade receivable turnover days ⁽¹⁾	138.6	179.3	284.8	220.6

Note:

- (1) Trade receivables turnover days for a year equals to the average of opening balance and ending balance of trade receivables divided by revenue for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year and 273 days for the nine months ended September 30, 2025.

The trade receivable turnover days indicate the average time required for us to collect payments. Our trade receivables turnover days increased from 138.6 days in 2022 to 179.3 days in 2023 and further increased to 284.8 days in 2024, primarily as an increase in trade receivable balance caused by the prolonged payment from certain downstream customers, which can be attributed to their taking additional time to manage their financial commitments effectively during their industries’ downturn, which led to a delay in their payment schedules. Our trade receivables turnover days decreased from 284.8 days in 2024 to 220.6 days in the nine months ended September 30, 2025, primarily because (i) the lithium battery industry recovered and production normalized, which significantly improved customers’ ability to make payments and (ii) our improved efforts on collection of trade receivables. We have taken stringent internal measures to enhance the management and collection of trade receivables. We have implemented a comprehensive client management system designed to minimize the risk of outstanding payments and enhance the efficiency of our collection process. From the initial stage of customer onboarding, we assess clients’ creditworthiness to engage only those with a reliable credit profile, and we lay great emphasis on the ongoing monitoring of especially our key accounts customers. Additionally, we have established a robust internal control mechanism for managing and collecting accounts receivable. Such mechanism clearly delineates responsibilities across our departments, covering the entire process from sales and client acquisition, contract signing, financial accounting and monitoring, to the management of outstanding accounts. Our finance department produces monthly accounts receivable reports and conducts a three-month rolling forecast. We keep our sales personnel regularly informed about the progress of trade receivable collections, incentivizing them to proactively follow up in time. Furthermore, we assess the performance and commissions of our sales team directly based on the status of their respective outstanding accounts, ensuring that collection rate targets are achieved and enhancing the overall effectiveness of our collections.

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As of November 30, 2025, RMB1,809.0 million, or approximately 17.6% of our trade receivables as of September 30, 2025 had been settled. As of November 30, 2025, RMB8,262.4 million, or approximately 75.3% of our trade receivables as of December 31, 2024, had been settled, as we enhanced our collection efforts to accelerate receivable turnover. We also recorded net cash generated from operating activities of RMB3,835.2 million for the nine months ended September 30, 2025.

To assess the adequacy of the impairment of our trade receivables, our Directors have considered the recoverability of individual customers, including, among others, the credit history, the historical settlement records, the aging analysis and forward-looking information. Based on the results of our Director’s assessment, we provided the impairment losses of our trade receivables in accordance with the accounting policies in Note 4 to the Accountants’ Report set out in Appendix I to this document. On the basis of each of the factors as assessed above, our Directors considered that the impairment losses on trade receivables made as of the end of each year during the Track Record Period were sufficient.

Financial Assets at Fair Value through Profit or Loss (FVTPL) and Bills Receivables at Fair Value through Other Comprehensive Income (FVTOCI)

During the Track Record Period, our financial assets at FVTPL primarily consist of structured deposits issued by banks and financial institutions. Our financial assets at FVTPL decreased from RMB301.0 million as of December 31, 2022 to RMB60.0 million as of December 31, 2023, primarily because the majority of the wealth management products were redeemed upon maturity. Our financial assets at FVTPL subsequently increased to RMB432.3 million as of December 31, 2024, and further increased to RMB1,116.9 million as of September 30, 2025, primarily because we increased the purchase of structured deposits to better manage our funds. The structured deposits we invested in were short-term investments issued by banks and financial institutions with no predetermined or guaranteed return and were not principal-preserved. These financial assets were with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets.

During the Track Record Period, our bills receivables at FVTOCI represents bill receivables. Our bills receivables at FVTOCI decreased from RMB1,247.0 million as of December 31, 2022 to RMB917.8 million as of December 31, 2023, and subsequently decreased to RMB786.0 million as of December 31, 2024, primarily because we endorsed certain bill receivables to our suppliers to settle payment. Our bills receivables at FVTOCI decreased from RMB786.0 million as of December 31, 2024 to RMB740.8 million as of September 30, 2025, primarily due to improved cash collection and a decline in bill settlement in light of the our customers’ improved ability to make cash payments.

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Details of the fair value measurement of financial assets at FVTPL and debt instrument FVTOCI, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, and the relationship of unobservable inputs to fair value are disclosed in Note 39 to the Accountants’ Report in Appendix I to this Document.

Our investment strategy 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. We have formulated risk assessment and on-going monitoring policies on the investment in wealth management products and structured deposit products. A proper approval mechanism is adopted and a thorough monitoring system is in place to control our risks. Investment plans shall be prepared by the finance team after 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. The plans shall be submitted to a selected group of senior management for prior approval. To control our risk exposure, we typically make investment decisions associated with low risk wealth management products and structured deposits. Especially, prior approval from the Board is required before the investment in wealth management products, as well as before using raised funds. We strictly review and execute our investment plans in accordance with our internal policies. For example, our finance team obtains statements of our structured deposit products and keep track of the performance of the products quarterly. Upon the [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, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders’ approval requirements (if applicable).

Bills, Trade and Other Payables

Bills, trade and other payables mainly consist of trade payables, bills payables, payable for acquisition of property, plant and equipment, payroll payable, value added tax and other taxes payable and other payables. Our bills, trade and other payables decreased from RMB11,001.1 million as of December 31, 2022 to RMB10,019.1 million as of December 31, 2023 and further decreased to RMB8,113.9 million as of December 31, 2024, primarily driven

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by the decrease of bill payables as a result of decrease in procurement. Our bills, trade and other payables increased from RMB8,113.9 million as of December 31, 2024 to RMB9,054.5 million as of September 30, 2025, primarily due to an increase in procurement.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in millions)			
Trade payables				
– due to related parties	23	27	27	28
– due to third parties	4,269	3,871	3,753	3,924
	4,292	3,898	3,780	3,952
Trade payables under supplier finance arrangements	–	–	33	267
Bills payables	5,698	4,959	3,176	3,890
Payables for acquisition of property, plant and equipment	134	143	292	257
Payroll payable	558	650	639	467
Value added tax and other taxes payable	168	192	41	73
Amounts due to related parties – non-trade related	–	12	12	–
Accrued issue costs	–	–	–	7
Other payables	152	165	142	141
	6,709	6,121	4,334	5,102
	11,001	10,019	8,114	9,054

The following table sets forth an aging analysis of our trade payables based on the date of the goods and services received as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in millions)			
Within 1 year	4,292	3,898	3,812	4,218

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The following table sets forth the turnover days of our trade payables for the years/periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
	(days)			
Trade payables turnover days ⁽¹⁾	182.7	134.0	170.5	146.9

Note:

- (1) Trade payables turnover days for a year equals to the opening and ending trade payables balance divided by cost of sales for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year and 273 days for the nine months ended September 30, 2025.

Our trade payables turnover days decreased from 182.7 days in 2022 to 134.0 days in 2023, primarily because (i) we settled the payment for procurement order that we placed in 2022, and (ii) our procurement in 2023 decreased. Our trade payables turnover days then increased to 170.5 days in 2024, primarily because we strengthened supply chain management and renegotiated better payment terms with our suppliers. Our trade payables turnover days decreased from 170.5 days in 2024 to 146.9 days in the nine months ended September 30, 2025, primarily due to faster settlement of trade payables to our suppliers.

As of November 30, 2025, RMB1,374.5 million, or approximately 34.8% of our trade payables as of September 30, 2025 had been settled.

Contract Liabilities

Our contract liabilities represent advance payments for equipment made by customers while the underlying goods or services are yet to be provided. Our contract liabilities increased from RMB10,131.5 million as of December 31, 2022 to RMB12,572.7 million as of December 31, 2023, primarily due to an increase in advance payment. Our contract liabilities further decreased to RMB11,597.0 million as of December 31, 2024, primarily because we delivered and recognized corresponding revenue of our products to customers from which we received advance payments. Our contract liabilities further increased from RMB11,597.0 million as of December 31, 2024 to RMB13,294.7 million as of September 30, 2025, primarily due to an increase in receipt of advance payment related to new orders.

As of November 30, 2025, RMB987.7 million, or approximately 7.4% of the contract liabilities as of September 30, 2025 had been subsequently recognized as revenue.

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SELECTED FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/periods or as of the dates indicated:

	As of/For the year ended December 31,			As of/For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>(Unaudited)</i>				
Gross profit margin ⁽¹⁾	36.6%	32.7%	30.0%	35.1%	30.9%
Net profit margin ⁽²⁾	16.8%	10.7%	2.3%	6.5%	11.2%
Debt-to-Assets ratio ⁽³⁾ . . .	66.2%	66.4%	67.9%	65.3%	67.4%
Current ratio <i>(times)</i> ⁽⁴⁾ . . .	1.4	1.3	1.4	1.3	1.4
Quick ratio <i>(times)</i> ⁽⁵⁾	0.8	0.8	0.8	0.7	0.8

Notes:

- (1) Gross profit margin equals gross profit for the year/period divided by revenues for the respective year/period and multiplied by 100%.
- (2) Net profit margin equals profit for the year/period divided by revenues for the respective year/period and multiplied by 100%.
- (3) Debt-to-Assets ratio equals total liabilities divided by total assets as of the relevant year/period end and multiplied by 100%.
- (4) Current ratio is calculated as current assets divided by current liabilities as of the relevant year/period end.
- (5) Quick ratio is calculated as current assets less inventories divided by current liabilities as of the relevant year/period end.

Debt-to-Assets ratio

Our debt-to-assets ratio remained relatively stable at 66.2% as of December 31, 2022 and 66.4% as of December 31, 2023, and then increased to 67.9% as of December 31, 2024 and decreased 67.4% as of September 30, 2025, primarily as a result of a faster increase in total liabilities.

Current ratio

Our current ratio decreased from 1.4 as of December 31, 2022 to 1.3 as of December 31, 2023, primarily due to the increase in contract liabilities. Our current ratio subsequently increased to 1.4 as of December 31, 2024, and remained stable at 1.4 as of September 30, 2025.

Quick ratio

Our quick ratio as of December 31, 2022, 2023, 2024 and September 30, 2025 remained relatively stable at 0.8.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary source of liquidity for our operations is (i) cash flows generated from our operating activities, (ii) cash received from disposal of investments, (iii) cash received from loans and (iv) cash received from investments. Our cash requirements primarily relate to the cash paid for goods and services, cash paid to and on behalf of employees, other cash paid relating to operating activities, our investment activities and payment of debt and interests. The residual amount of cash and cash equivalents at the end of each year is mainly used to finance our day-to-day operations, as well as meet our debt obligations and other needs. The following table sets forth a summary of our cash flows for the years and periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>(RMB in millions)</i>			<i>(unaudited)</i>	
Net cash flows generated from/(used in) operating activities	1,694	(880)	(1,567)	(2,916)	3,835
Net cash flows generated from/(used in) investing activities	2,007	(212)	(1,221)	(439)	(1,097)
Net cash flows (used in)/generated from financing activities	(806)	(1,134)	3,847	2,976	(1,328)
Net increase/(decrease) in cash and cash equivalents	2,895	(2,227)	1,059	(379)	1,410
Effect of foreign exchange rate changes on cash and cash equivalents	16	41	16	20	15
Opening balance of cash and cash equivalents . . .	1,559	4,471	2,285	2,285	3,360
Closing balance of cash and cash equivalents . . .	4,471	2,285	3,360	1,926	4,785

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Net Cash (Used in)/Generated from Operating activities

Our cash flow from operating activities primarily comprises our loss before taxation for the year/period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital.

In the nine months ended September 30, 2025, we had net cash generated from operating activities of RMB3,835.2 million. Our net cash generated from operating activities is calculated by adjusting our profit before taxation of RMB1,282.8 million by non-cash and other items to arrive at an operating cash flow before changes in working capital of RMB1,698.3 million. Our movements in working capital primarily reflect (i) an increase in inventories of RMB1,452.9 million, and (ii) an increase in contract assets of RMB133.2 million, partially offset by (i) an increase in contract liabilities of RMB1,697.7 million, and (ii) an increase in bills, trade and other payables of RMB969.9 million.

In 2024, we had net cash used in operating activities of RMB1,567.1 million. Our net cash used in operating activities is calculated by adjusting our profit before taxation of RMB112.3 million by non-cash and other items to arrive at an operating cash flow before changes in working capital of RMB1,695.8 million. Our movements in working capital primarily reflect an decrease in bills, trade and other payables of RMB1,854.0 million, a decrease in contract liabilities of RMB975.8 million and an increase in inventories of RMB921.7 million, partially offset by an decrease in contract assets of RMB886.0 million.

In 2023, our net cash used in operating activities was RMB880.5 million. Our net cash used in operating activities is calculated by adjusting our profit before taxation of RMB1,910.7 million by non-cash and other items to arrive at an operating cash flow before movements in working capital of RMB3,538.7 million. Our movements in working capital primarily reflect (i) an increase in bills, trade and other receivables of RMB4,483.3 million, (ii) an increase in inventories of RMB1,188.5 million, and (iii) a decrease in bills, trade and other payables of RMB1,078.8 million, partially offset by an increase in contract liabilities of RMB2,441.3 million.

In 2022, our net cash generated from operating activities was RMB1,694.0 million. Our net cash negated from operating activities is calculated by adjusting our profit before taxation of RMB2,540.9 million by non-cash and other items to arrive at an operating cash flow before movements in working capital of RMB3,338.5 million. Our movements in working capital primarily reflect (i) an increase in inventories of RMB4,682.5 million, and (ii) an increase in bills, trade and other receivables of RMB2,908.2 million, partially offset by (i) an increase in contract liabilities of RMB6,268.5 million, and (ii) an increase in bills, trade and other payables of RMB1,199.4 million.

The operating cash outflow in 2023 and 2024 was primarily due to (i) the slow increase in revenue in 2023 and the decrease in revenue in 2024, which are primarily attributable to the prolonged customer acceptance time, primarily due to our strategic decision to expand overseas sales and increase sales to overseas customers and the delays in domestic customers' acceptance. See “— Year-to-Year Comparison of Results of Operations”; and (ii) the prolonged payment from certain downstream customers. Our trade receivable turnover days increased

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from 138.6 days as of December 31, 2022 to 179.3 days as of December 31, 2023, and further increased to 284.8 days as of December 31, 2024. See “— Discussion of Certain Key Balance Sheet Items — Trade Receivables and Other Receivables.”

We have taken measures to enhance our working capital sufficiency, which primarily include:

- Strengthening operating cash flow through optimizing project management and digitalization, especially the collection of trade receivables. See “Discussion of Certain Key Balance Sheet Items — Trade Receivables and Other Receivables.”
- Enhancing our cash flow management, including direct monitoring of real-time cash flow and utilization of our banking facilities at times of cash flow insufficiency.
- Optimizing our supply chain management aiming to shorten delivery cycles, increase productivity and improve the utilization of fixed assets. We have streamlined the production planning to proactively plan workforce adjustments to meet fluctuating demand. We are also integrating assembly and commissioning processes to reduce labor costs and using concurrent engineering to improve information flow and reduce design change costs. In addition, we utilize digitalization to strengthen project lifecycle management, with an aim to improve project execution efficiency and ensure that cost reduction and improvement measures are implemented throughout the project lifecycle. We expect such efforts to continue to enhance product competitiveness and improve gross profit margin.
- Focusing on market expansion by increasing our investment in innovation and research and development, which we believe will help us align with market demands and leverage our technological strengths to boost competitiveness in overseas markets.

Net Cash (Used in)/Generated from Investing activities

In the nine months ended September 30, 2025, we had net cash used in investing activities of RMB1,096.7 million, primarily attributable to (i) purchases of financial assets at FVTPL of RMB8,185.0 million and (ii) purchase of property, plant and equipment of RMB374.8 million, partially offset by redemptions of financial assets at FVTPL of RMB7,517.3 million.

In 2024, we had net cash used in investing activities of RMB1,221.0 million, primarily attributable to (i) purchases of financial assets at FVTPL of RMB1,942.0 million, and (ii) purchases of property, plant and equipment of RMB829.3 million, partially offset by (i) redemptions of financial assets at FVTPL of RMB1,572.8 million, and (ii) withdraw of time deposits of RMB25.6 million.

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In 2023, we had net cash used in investing activities of RMB212.5 million, primarily attributable to redemptions of other financial assets of RMB2,839.7 million, partially offset by (i) purchases of financial assets at FVTPL of RMB2,590.0 million, and (ii) purchases of property, plant and equipment of RMB399.6 million.

In 2022, we had net cash generated from investing activities of RMB2,007.2 million, primarily attributable to redemptions of other financial assets of RMB12,277.6 million, partially offset by (i) purchases of financial assets at FVTPL of RMB9,351.0 million, and (ii) purchases of property, plant and equipment of RMB786.2 million.

Net Cash (Used in)/Generated from Financing activities

In the nine months ended September 30, 2025, we had net cash used in financing activities of RMB1,328.4 million, primarily attributable to repayment of bank loans of RMB2,095.4 million, partially offset by new bank loans raised of RMB1,120.0 million.

In 2024, we had net cash generated from financing activities of RMB3,847.6 million, primarily attributable to new bank loans raised of RMB4,467.9 million, partially offset by dividends paid of RMB533.3 million and repayment of bank loans of RMB300.4 million.

In 2023, we had net cash used in financing activities of RMB1,133.9 million, primarily attributable to: (i) dividends paid of RMB841.0 million, (ii) repurchase of restricted share of RMB350.0 million, and (iii) repayment of lease liabilities of RMB174.9 million, partially offset by proceeds from derecognition of discounted bills of RMB188.6 million.

In 2022, we had net cash used in financing activities of RMB805.8 million, primarily attributable to (i) dividends paid of RMB781.9 million, and (ii) repayments of lease liabilities of RMB191.0 million, partially offset by new borrowings raised of RMB140.1 million.

INDEBTEDNESS

Our indebtedness mainly consists of borrowings and lease liabilities. The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	September 30, 2025	November 30, 2025
	(RMB in millions)				(Unaudited)
Borrowings	—	184	4,263	3,207	3,242
Lease liabilities	440	473	426	547	504
Amounts due to related parties – non-trade related	—	12	12	—	—
Total	<u>440</u>	<u>669</u>	<u>4,701</u>	<u>3,754</u>	<u>3,746</u>

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Borrowings

As of December 31, 2022, 2023, 2024 and September 30, 2025, we had borrowings of nil, RMB184.2 million, RMB4,262.8 million and RMB3,206.5 million, respectively. During the Track Record Period, we strategically utilized increased borrowings to support our working capital needs, in light of the prolonged payment from certain downstream customers, which can be attributed to their taking additional time to manage their financial commitments effectively during their industries’ downturn. In the nine months ended September 30, 2025, the interest rate of our bank loan ranged from 2.20% to 2.70% per annum. We consider these interest rates to be within the range of market interest rates. We consider our bank borrowing agreements to contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, we had unutilized banking facilities of over RMB2,100.0 million.

As of November 30, 2025, we had borrowings of RMB3,242.1 million. The majority of our borrowings were unsecured and unguaranteed as of the same date.

Lease Liabilities

Leases are initially recognized as right-of-use assets and corresponding liability at the date when the leased asset is available for use by our Group. The total lease liabilities increased from RMB440.2 million as of December 31, 2022 to RMB472.8 million as of December 31, 2023, primarily due to new leases for production base and offices. The total lease liabilities decreased from RMB472.8 million as of December 31, 2023 to RMB426.4 million as of December 31, 2024, primarily due to a decrease in our total leases. The total lease liabilities increased from RMB426.4 million as of December 31, 2024 to RMB547.6 million as of September 30, 2025, primarily due to an increase in our total leases. The total lease liabilities decreased from RMB547.6 million as of September 30, 2025 to RMB504.0 million as of November 30, 2025.

Contingencies

As of December 31, 2022, 2023, 2024, September 30, 2025 and November 30, 2025, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since November 30, 2025 and up to the Latest Practicable Date.

Indebtedness Statement

Our Directors confirm 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 covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Date of this document.

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Except as disclosed above, as of November 30, 2025, being the most recent practicable Date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since November 30, 2025 and up to the Date of this document.

CAPITAL EXPENDITURES

Our capital expenditures primarily comprise expenditures for the payment of purchases of property, plant and equipment and purchases of other intangible assets. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our capital expenditures were RMB794.3 million, RMB413.6 million, RMB867.3 million, RMB320.2 million and RMB395.2 million, respectively.

Our anticipated capital expenditures are subject to changes from time to time, and are based on the reassessment of our business plan, including, but not limited to, the progress of our projects under construction and pipeline projects, prevailing market conditions, regulatory environment and outlook of our future results of operations. In addition, if we fail to obtain adequate financing, our ability to expand our business may be hindered and the prospects of our future operations may be materially and adversely affected.

CAPITAL COMMITMENTS

Our capital commitments as of December 31, 2022, 2023, 2024 and September 30, 2025 were related to purchases of property, plant and equipment to fulfill our business development needs. As of December 31, 2022, 2023, 2024 and September 30, 2025, the total amount of our capital expenditure contracted for but not yet provided was RMB1,002.8 million, RMB735.0 million, RMB396.3 million and RMB253.3 million, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

FINANCIAL RISK DISCLOSURE

We have designed a risk management and control system to measure, monitor and manage financial risks arising in the ordinary course of business. See Note 40 of the Accountants’ Report for an overview of the risk management processes related to financial instruments. The main financial risks that we face in the ordinary course of business market risk (including currency risk and interest rate risk), credit risk and liquidity risk. As we expand our business by offering new products and services, doing business with individuals and entities that are not within our traditional clients and counterparty base, and entering new geographical markets, we are exposed to new regulatory and business challenges and risks, and the complexity of the

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risks we face increases. The following discussion of the main financial risks and the estimated amounts of the risk exposure generated by our risk measurement models involve forward-looking statements. These analyses and the results of our risk measurement models are not, however, predictions of future events, and the actual results may be significantly different from the analyses and results due to events in the global economy or the markets where we operate, as well as other factors described below.

Market Risk

Currency Risk

Several our group entities have foreign currency sales and purchases, bank balances, trade receivables and trade payables denominated in US\$, EUR, JPY etc., which expose the Group to foreign currency risk. The sensitivity analysis is performed by our management. See Note 40 to the Accountants’ Report in Appendix I of this document for details.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to bills receivables at FVTOCI, time deposits, fixed-rate borrowings and lease liabilities and cash flow interest rate risk in relation to variable-rate cash and cash equivalents and variable-rate restricted bank deposits and variable-rate borrowings. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to contract assets, bill receivables at FVTOCI, bills, trade and other receivables, restricted bank deposits, time deposits and cash and cash equivalents. We do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The impairment assessment of financial assets is performed by our management. See Note 40 to the Accountants’ Report in Appendix I of this document for details.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The maturity analysis for financial liabilities is performed by our management. See Note 40 to the Accountants’ Report in Appendix I of this document for details.

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RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. There were amounts due to Lhasa Xindao Venture Investment Co., Ltd. as of December 31, 2023 and 2024, which remained at RMB11.6 million and were in relation to payment of interest expenses on lease liabilities (non-trade in nature), and have been settled. Such amounts due to this related party were are unsecured, non-interest bearing, repayable on demand. For details about our related party transactions during the Track Record Period, see Note 41 to the Accountants’ Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

[REDACTED]

DIVIDEND AND DIVIDEND POLICY

In 2022, 2023, 2024 and the nine months ended September 30, 2025, we paid dividends of approximately RMB781.9 million, RMB841.0 million, RMB533.3 million and RMB87.1 million, respectively. As of the Latest Practicable Date, all these dividends have been fully paid to our Shareholders.

Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》), and the Articles of Association, in principle we target to declare dividends at least once a year that account for not less than 20% of our distributable profits for that year, conditional upon (i) we record profit in the current year and has a positive cumulative undistributed profit, and (ii) there is a significant surplus of funds after meeting the capital requirements for the our normal production and operations. We distribute dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. If dividends in any distribution consists of both cash and stocks, the cash dividends shall comprise not less than 20% of such distribution. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant.

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DISTRIBUTABLE RESERVES

As of September 30, 2025, we had approximately RMB6,573.9 million of retained profits available for distribution to our shareholders.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account our available resources including cash and cash equivalents on hand, bank facilities and the net estimated [REDACTED] from the [REDACTED], we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Unaudited [REDACTED] Financial Information in Appendix II to this document for details.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately HK\$[REDACTED] (assuming the [REDACTED] is not exercised and based on the maximum [REDACTED] of HK\$[REDACTED]), which accounts for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. We estimate the [REDACTED] to consist of approximately HK\$[REDACTED] in [REDACTED] related fees (including SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) and approximately HK\$[REDACTED] in non-[REDACTED] fees (which consist of fees and expenses of Joint Sponsors, legal advisors and our Reporting Accountants of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED]). Among the total [REDACTED], approximately HK\$[REDACTED] will be directly attributable to the [REDACTED] of our H Shares, which will be deducted from equity upon the completion of the [REDACTED], and approximately HK\$ [REDACTED] will be expensed in our consolidated statements of profit or loss. During the Track Record Period, approximately HK\$2.0 million was already expensed in our consolidated statements of profit or loss. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

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RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

No Material Adverse Change

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of our latest audited financial statements, and there is no event since September 30, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm 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 Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED], fees and other estimated expenses in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], will be used for expansion of global R&D, sales and service network and selectively pursue strategic initiatives as part of our globalization strategy.
 - (i) Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] will be used to expand our facilities across Europe to build a pioneering intelligent equipment R&D, sales and service network providing strong support for our expansion into overseas market. In response to the growing demand in the European markets, we plan to further expand local R&D and sales and after-sales service capabilities to better understand and serve local customers’ needs. In particular, we plan to:
 - (a) recruit specialized lithium-ion battery intelligent equipment research personnel for our European research projects with excellent academic backgrounds and extensive industry experience in strengthening our local technological and innovation capabilities and expand our sale and after-sales services team to expedite customer response time;
 - (b) purchase and upgrade equipment and machinery such as comprehensive system performance testing equipment, basic performance testing stands for core components and establish welding laboratories and visual laboratories for improvement of research and machining capabilities at our European facilities;
 - (ii) Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] will be used to expand our global sales and service network. Specifically, we plan to extend our network coverage to regions in the Asia Pacific and North America, positioning ourselves to capitalize on business opportunities in emerging markets. Our market entry strategy combines organic growth with local partnerships to ensure seamless adoption, targeting regions where demand for our solutions is projected to grow steadily over the next five years. We plan to establish new after-sales service centers in

FUTURE PLANS AND USE OF [REDACTED]

the U.S., Canada, Spain, Portugal, Morocco, Malaysia, Thailand, Indonesia and Vietnam to enhance our sales and service network coverage and further improve our service qualities. We anticipate setting up three to five service centers in each country, with the specific number contingent upon our customers' expansion plans and factory layouts. Each center will be equipped with local language support and region-specific technical expertise to reduce service response times substantially. We select locations of such centers based on a number of factors including coverage area, customer base, the density of our targeted industry clusters and the local regulatory and trade environment. Our planned U.S. service center will serve as a local after-sales services center only with no R&D, manufacturing or independent corporate functions, and we will dynamically adjust such plan considering the latest geopolitical developments. In addition, we plan to designate Malaysia as our Asia-Pacific service center, so as to enhance our regional presence and operational efficiency and leverage its strategic position within ASEAN;

- (iii) Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] will be used to selectively pursue strategic initiatives through (a) greenfield investments, and (b) mergers and acquisitions, strategic alliances, joint ventures or other minority investments, so as to achieve synergies through share of market resources and technologies and creating new revenue sources. Our investment framework prioritizes targets that can deliver (i) immediate access to new customer networks, (ii) complementary technology patents, and (iii) operational cost advantages through local manufacturing. Specifically, our potential investment targets primarily include mature overseas specialized equipment provider in the new energy and automotive industries, especially those with established production capabilities in Northeast Asia, Southeast Asia and North America, which will enable us to achieve technological or market resource synergies and complementary advantages, thereby supporting our overseas business expansion. Additionally, we assess target companies' fiscal sustainability, focusing on those with annual revenues between US\$100 million and US\$1,000 million. According to Frost & Sullivan, there are approximately 300 to 900 specialized equipment suppliers in the new energy and automotive industries with well-established overseas production lines across Northeast Asia, Southeast Asia, and North America. Collectively, these targets align with our strategic objective of acquiring advanced technologies, reaching broader customer bases and enhancing manufacturing competitiveness in key overseas markets. Our investment strategy will prioritize jurisdictions with stable trade policies and favorable incentives, which may provide us with preferential tax benefits in selected markets.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], will be used for deepening of our platform based strategy. We intend to further expand the product portfolio in the new energy intelligent equipment business.
 - (i) Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] will be used along with our cash on hand and bank loans for the fit-out, installation, testing, and commissioning works in relation to our new solid-state battery base in Wuxi, which includes Wuxi No. 3 Factory Phase II and Industrial Park Phase VI, as well as for the purchase and installation of equipment, machinery, and other ancillary systems for R&D and production. We develop production expansion plans primarily based on (i) the anticipated supply and demand for our products based on the new solid-state technologies, (ii) the current and anticipated prices for these products; (iii) the estimated cost of development, and (iv) capital resources. See “Business — Our Manufacturing Facilities and Process — Planned Manufacturing Facilities.” The net [REDACTED] allocated to Wuxi No. 3 Factory Phase II will focus on progressively enhancing non-production and R&D-related facilities after production commences. In particular, we plan to utilize approximately HK\$[REDACTED] of net [REDACTED] in 2026 and the remaining net [REDACTED] in 2027.
 - (ii) Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] will be used for technological R&D in new energy technologies to seize emerging business opportunities brought along by new technologies such sodium-ion battery and perovskite solar cells in EV battery and PV sectors. We intend to develop relevant technology platforms and equipment solutions for these applications, with a view to expanding our product offering as these technologies progress towards wider adoption. For example, we plan to strengthen our R&D in (i) advanced manufacturing equipment and processes for next-generation battery and fuel cell technologies, including sodium-ion batteries and hydrogen fuel cells, including developing equipment for large-scale fuel cell stack manufacturing, high-precision membrane electrode processing and high-speed stacking to support efficient, high-quality production for EV and distributed power applications, and (ii) precision wet-coating and thin-film deposition technologies to address wet-process film formation challenges in perovskite solar cells, sodium-ion batteries, and lithium batteries, with the aim of improving product quality and scalability across the PV, hydrogen and EV sectors;

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], will be used in R&D for our product design and manufacturing process technologies optimization of our intelligent equipment to enhance their performance and operation stability and reduce their energy consumption in assisting our customers with further improvement on their production efficiency and product performance.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] will be used to enhance our digital infrastructure and improve our digitalization capabilities across various business processes such as supply chain management, R&D, production, quality control, sales and operations to boost operational efficiency. For instance, we will extend our SRM System, improve our CRM system and enhance our Dassault Systèmes 3DE/Catia digital R&D platform; and
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED], for working capital and general corporate purposes.

The additional net [REDACTED] that we would receive if the [REDACTED] were exercised in full would be HK\$[REDACTED] (at an [REDACTED] of HK\$[REDACTED] per Share).

To the extent that the net [REDACTED] from the [REDACTED] are either more or less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

For the net [REDACTED] of the [REDACTED] which are not immediately used in accordance with the purposes described above, we will only deposit such [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 the applicable laws and regulations in other jurisdiction). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not [REDACTED] as planned for reasons such as changes in government policies that would hinder the development of any of our projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[85], received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WUXI LEAD INTELLIGENT EQUIPMENT CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED

Introduction

We report on the historical financial information of Wuxi Lead Intelligent Equipment Co., Ltd. (“無錫先導智能裝備股份有限公司”) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[85], which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and September 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[3] to I-[85] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the [REDACTED] of 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 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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ACCOUNTANTS’ REPORT

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’ judgment, 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 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 Group’s financial position as at December 31, 2022, 2023 and 2024 and September 30, 2025, of the Company’s financial position as at December 31, 2022, 2023 and 2024 and September 30, 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2024 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period 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 Stub Period 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 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

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-[3] have been made.

Dividends

We refer to note 14 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) and were audited by us 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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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	6	13,836,131	16,483,341	11,773,350	9,038,408	10,387,540
Cost of sales		(8,771,065)	(11,089,802)	(8,235,805)	(5,866,154)	(7,182,972)
Gross profit		5,065,066	5,393,539	3,537,545	3,172,254	3,204,568
Other income and expenses	7	408,327	464,298	330,268	369,558	256,584
Other gains and losses	8	60,009	(15,925)	14,607	(6,329)	31,514
Impairment losses under expected credit loss model, net of reversal	9	(473,172)	(750,387)	(555,170)	(515,733)	215,695
Selling and marketing expenses		(410,759)	(451,033)	(362,399)	(233,444)	(209,966)
Administrative expenses		(740,561)	(1,033,961)	(1,119,678)	(858,927)	(883,032)
		[REDACTED]				
Research and development expenses		(1,347,885)	(1,675,617)	(1,670,731)	(1,266,173)	(1,231,206)
Finance costs	10	(20,140)	(20,215)	(62,187)	(32,875)	(99,539)
Profit before tax		2,540,885	1,910,699	112,255	628,331	1,282,803
Income tax (expense) credit	11	(222,752)	(139,922)	155,776	(41,375)	(121,508)
Profit for the year/period	12	<u>2,318,133</u>	<u>1,770,777</u>	<u>268,031</u>	<u>586,956</u>	<u>1,161,295</u>
Other comprehensive income (expense)						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		<u>7,801</u>	<u>(7,778)</u>	<u>(6,610)</u>	<u>(791)</u>	<u>13,536</u>
Other comprehensive income (expense) for the year/period		<u>7,801</u>	<u>(7,778)</u>	<u>(6,610)</u>	<u>(791)</u>	<u>13,536</u>
Total comprehensive income for the year/period		<u>2,325,934</u>	<u>1,762,999</u>	<u>261,421</u>	<u>586,165</u>	<u>1,174,831</u>
Profit (loss) for the year/period attributable to:						
Owners of the Company		2,318,133	1,774,566	286,100	608,479	1,186,325
Non-controlling interests		<u>–</u>	<u>(3,789)</u>	<u>(18,069)</u>	<u>(21,523)</u>	<u>(25,030)</u>
		<u>2,318,133</u>	<u>1,770,777</u>	<u>268,031</u>	<u>586,956</u>	<u>1,161,295</u>
Total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		2,325,934	1,766,788	279,470	607,667	1,199,897
Non-controlling interests		<u>–</u>	<u>(3,789)</u>	<u>(18,049)</u>	<u>(21,502)</u>	<u>(25,066)</u>
		<u>2,325,934</u>	<u>1,762,999</u>	<u>261,421</u>	<u>586,165</u>	<u>1,174,831</u>
Earnings per share	15					
Basic (RMB)		<u>1.48</u>	<u>1.13</u>	<u>0.18</u>	<u>0.39</u>	<u>0.76</u>
Diluted (RMB)		<u>1.48</u>	<u>1.13</u>	<u>0.18</u>	<u>0.39</u>	<u>0.76</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31,			As at September 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	16	1,556,688	1,906,260	2,833,081	2,997,364
Right-of-use assets	17	694,556	755,060	695,095	851,254
Goodwill	18	1,086,614	1,086,614	1,086,614	1,086,614
Other intangible assets	19	362,059	379,826	310,026	244,654
Equity instrument at fair value through other comprehensive income ("FVTOCI")		–	–	5,000	5,000
Deferred tax assets	21	228,560	401,066	592,299	477,201
Prepayment for acquisition of property, plant and equipment		1,982	2,858	219	–
		<u>3,930,459</u>	<u>4,531,684</u>	<u>5,522,334</u>	<u>5,662,087</u>
Current assets					
Inventories	22	12,405,401	13,207,043	13,580,021	14,862,446
Bills, trade and other receivables	23	7,426,804	11,140,847	10,658,402	9,981,203
Contract assets	24	1,211,732	1,567,004	725,299	851,841
Tax recoverable		11	209	53,998	95,689
Financial assets at fair value through profit or loss ("FVTPL")	25	301,105	60,016	432,278	1,116,918
Bills receivables at FVTOCI	26	1,246,961	917,790	785,988	740,770
Time deposits	28	214,758	128,389	106,183	151,712
Restricted bank deposits	28	1,698,261	1,384,077	869,269	674,804
Cash and cash equivalents	28	4,470,688	2,284,679	3,360,355	4,785,399
		<u>28,975,721</u>	<u>30,690,054</u>	<u>30,571,793</u>	<u>33,260,782</u>
Current liabilities					
Bills, trade and other payables	29	11,001,145	10,019,147	8,113,910	9,054,450
Contract liabilities	30	10,131,476	12,572,739	11,596,989	13,294,661
Tax liabilities		143,461	51,009	16,896	482
Borrowings	31	–	184,171	1,786,226	823,635
Lease liabilities	32	133,582	162,878	150,646	137,404
		<u>21,409,664</u>	<u>22,989,944</u>	<u>21,664,667</u>	<u>23,310,632</u>
Net current assets		<u>7,566,057</u>	<u>7,700,110</u>	<u>8,907,126</u>	<u>9,950,150</u>
Total assets less current liabilities		<u>11,496,516</u>	<u>12,231,794</u>	<u>14,429,460</u>	<u>15,612,237</u>
Non-current liabilities					
Borrowings	31	–	–	2,476,582	2,382,889
Lease liabilities	32	306,641	309,896	275,733	410,183
Deferred income	33	62,033	73,118	97,760	117,619
Deferred tax liabilities	21	2,628	1,314	–	–
		<u>371,302</u>	<u>384,328</u>	<u>2,850,075</u>	<u>2,910,691</u>
Net assets		<u>11,125,214</u>	<u>11,847,466</u>	<u>11,579,385</u>	<u>12,701,546</u>
Capital and reserves					
Share capital	34	1,566,163	1,566,163	1,566,163	1,566,163
Reserves		<u>9,559,051</u>	<u>10,282,175</u>	<u>10,031,369</u>	<u>11,177,046</u>
Equity attributable to owners of the Company		11,125,214	11,848,338	11,597,532	12,743,209
Non-controlling interests		–	(872)	(18,147)	(41,663)
Total equity		<u>11,125,214</u>	<u>11,847,466</u>	<u>11,579,385</u>	<u>12,701,546</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at September 30,
	NOTES	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	16	1,209,649	1,459,350	2,060,414	2,201,063
Right-of-use assets	17	586,068	646,488	598,873	759,641
Other intangible assets	19	230,153	292,443	260,192	216,677
Investments in subsidiaries	20	1,634,802	1,743,055	1,771,412	1,812,930
Equity instrument at FVTOCI		–	–	5,000	5,000
Deferred tax assets	21	151,232	303,631	480,125	362,421
		<u>3,811,904</u>	<u>4,444,967</u>	<u>5,176,016</u>	<u>5,357,732</u>
Current assets					
Inventories	22	10,535,653	9,699,395	11,274,844	10,529,519
Bills, trade and other receivables	23	7,264,101	12,295,192	12,247,354	11,560,520
Contract assets	24	981,903	1,293,023	539,900	667,618
Tax recoverable		–	–	49,494	68,036
Financial assets at FVTPL	25	200,553	–	382,266	916,918
Bills receivables at FVTOCI	26	994,558	723,888	497,515	422,921
Time deposits	28	103,319	106,804	95,299	151,712
Restricted bank deposits	28	1,321,358	1,036,064	626,684	450,674
Cash and cash equivalents	28	3,347,717	1,404,806	2,582,194	3,710,451
		<u>24,749,162</u>	<u>26,559,172</u>	<u>28,295,550</u>	<u>28,478,369</u>
Current liabilities					
Bills, trade and other payables	29	8,812,908	8,055,943	8,093,570	7,177,087
Contract liabilities	30	8,654,128	11,285,194	10,501,811	11,106,457
Tax liabilities		132,636	23,094	–	–
Borrowings	31	–	184,171	1,433,226	823,635
Lease liabilities	32	123,718	155,539	149,596	137,433
		<u>17,723,390</u>	<u>19,703,941</u>	<u>20,178,203</u>	<u>19,244,612</u>
Net current assets		<u>7,025,772</u>	<u>6,855,231</u>	<u>8,117,347</u>	<u>9,233,757</u>
Total assets less current liabilities		<u>10,837,676</u>	<u>11,300,198</u>	<u>13,293,363</u>	<u>14,591,489</u>
Non-current liabilities					
Borrowings	31	–	–	2,476,582	2,382,889
Lease liabilities	32	305,388	304,941	273,845	410,183
Deferred income	33	62,033	42,896	38,216	49,905
		<u>367,421</u>	<u>347,837</u>	<u>2,788,643</u>	<u>2,842,977</u>
Net assets		<u>10,470,255</u>	<u>10,952,361</u>	<u>10,504,720</u>	<u>11,748,512</u>
Capital and reserves					
Share capital	34	1,566,163	1,566,163	1,566,163	1,566,163
Reserves		<u>8,904,092</u>	<u>9,386,198</u>	<u>8,938,557</u>	<u>10,182,349</u>
Total equity		<u>10,470,255</u>	<u>10,952,361</u>	<u>10,504,720</u>	<u>11,748,512</u>

Attributable to owners of the Company

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	Attributable to owners of the Company							
	Share capital	Share premium	Treasury shares	Other reserves	Translation reserve	Statutory surplus reserve	Retained profits	Subtotal
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Note a)		(Note b)		
Profit (loss) for the period.	-	-	-	-	-	-	1,186,325	1,186,325
Other comprehensive income (expense) for the period.	-	-	-	-	13,572	-	-	13,572
Total comprehensive income (expense) for the period.	-	-	-	-	13,572	-	1,186,325	1,199,897
Exercise of restricted shares (note 35).	-	-	3,763	(2,111)	-	-	-	1,652
Recognition of equity-settled share-based payments (note 36)	-	-	-	31,209	-	-	-	31,209
Dividends recognized as distribution (note 14)	-	-	-	-	-	-	-	-
At September 30, 2025	1,566,163	3,859,453	(346,256)	302,951	3,964	783,082	6,573,852	12,743,209
(Unaudited)							(87,081)	(87,081)
At January 1, 2024	1,566,163	3,859,453	(350,017)	270,800	(2,978)	783,082	5,721,835	11,848,338
Profit (loss) for the period.	-	-	-	-	-	-	608,479	608,479
Other comprehensive (expense) income for the period.	-	-	-	-	(812)	-	-	(812)
Total comprehensive (expense) income for the period.	-	-	-	-	(812)	-	-	(812)
Recognition of equity-settled share-based payments (note 36)	-	-	-	30,109	-	-	-	30,109
Dividends recognized as distribution (note 14)	-	-	-	-	-	-	(533,327)	(533,327)
At September 30, 2024	1,566,163	3,859,453	(350,017)	300,909	(3,790)	783,082	5,796,987	11,952,787
							(21,502)	(21,502)
							493	493
							-	-
							(533,327)	(533,327)
							(21,881)	(21,881)
							586,165	586,165
							30,602	30,602
							11,847,466	11,847,466
							586,956	586,956
							21	21
							(87,081)	(87,081)
							(41,663)	(41,663)
							12,701,546	12,701,546
							1,550	1,550
							1,174,831	1,174,831
							1,652	1,652
							32,759	32,759
							(25,066)	(25,066)
							(25,030)	(25,030)
							1,161,295	1,161,295
							(36)	(36)
							13,536	13,536

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Notes:

- (a) Other reserves consist of share-based payment reserve under the equity-settled share incentive plans and the difference between the carrying amount of net assets of the non-controlling interests in the Company’s subsidiaries and the contribution received from the non-controlling shareholders.
- (b) In accordance with the Company Law of the People’s Republic of China (the “PRC”) and the Company’s Articles of Association, the Company is required to appropriate 10% of profit after tax for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve has reached to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the losses or increase the share capital after approval from the appropriate authorities. As at December 31, 2023 and 2024 and September 30, 2025, the Company’s statutory surplus reserve has reached more than 50% of the registered capital and ceased appropriation.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit before tax	2,540,885	1,910,699	112,255	628,331	1,282,803
Adjustments for:					
Finance costs	20,140	20,215	62,187	32,875	99,539
Interest income from bank balances	(61,033)	(61,253)	(38,415)	(26,342)	(34,818)
Interest income from time deposits	(11,520)	(3,058)	(3,371)	(2,528)	(1,592)
Net losses on disposals of property, plant and equipment	470	17,988	4,444	6,102	4,052
Losses on write-off of other intangible assets	–	217	–	–	–
Write-off of development costs	–	7,345	–	–	–
Net losses (gains) on termination of lease arrangements	–	854	749	749	(463)
Depreciation of property, plant and equipment	146,485	181,796	208,413	146,546	186,455
Depreciation of right-of-use assets	158,856	188,451	151,875	116,260	118,486
Amortization of other intangible assets	42,059	86,580	112,992	73,800	85,836
Write-down of inventories, net of reversal	53,129	386,882	548,672	84,937	170,426
Impairment loss, net of reversal – financial assets under expected credit loss model	473,172	750,387	555,170	515,733	(215,695)
Decrease in goodwill	1,314	–	–	–	–
Net gains from changes in fair value of financial assets measured at FVTPL	(39,447)	(8,593)	(3,086)	(1,474)	(16,906)
Release of assets-related government grants	(7,637)	(7,637)	(7,637)	(5,728)	(5,453)
Share-based payment expenses	55,001	87,175	3,827	30,602	32,759
Foreign exchange difference	(33,409)	(19,320)	(12,294)	(21,077)	(7,127)
Operating cash flow before movements in working capital	3,338,465	3,538,728	1,695,781	1,578,786	1,698,302
Increase in inventories	(4,682,459)	(1,188,524)	(921,650)	(185,760)	(1,452,851)
(Increase) decrease in bills receivables at FVTOCI	(611,015)	329,171	131,802	376,830	45,218
(Increase) decrease in bills, trade and other receivables	(2,908,232)	(4,483,334)	(964,777)	(826,036)	830,997
(Increase) decrease in contract assets	(434,166)	(373,971)	886,005	340,697	(133,202)
(Increase) decrease in restricted bank deposits	(299,329)	261,428	489,414	426,383	194,465
Increase (decrease) in bills, trade and other payables	1,199,409	(1,078,831)	(1,853,979)	(3,377,329)	969,942
Increase (decrease) in contract liabilities	6,268,548	2,441,263	(975,750)	(1,168,013)	1,697,672
Increase in deferred income	15,978	18,722	32,279	15,973	15,112
Cash generated from (used in) operations	1,887,199	(535,348)	(1,480,875)	(2,818,469)	3,865,655
Interest received from bank balances	61,033	61,253	38,415	26,342	34,818
Income taxes paid	(254,274)	(406,392)	(124,673)	(123,465)	(65,225)
Net cash from (used in) operating activities	1,693,958	(880,487)	(1,567,133)	(2,915,592)	3,835,248

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	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(786,241)	(399,602)	(829,284)	(286,354)	(374,777)
Purchases of other intangible assets	(8,036)	(13,962)	(38,025)	(33,835)	(20,464)
Development costs paid	(52,452)	(94,805)	(4,983)	(4,985)	–
Payments for right-for-use assets	(138,851)	(42,338)	–	–	–
Prepayment for acquisitions of property, plant and equipment	(1,228)	(876)	(219)	2,858	–
Proceeds on disposals of property, plant and equipment	1	63	–	–	–
Purchases of financial assets at FVTPL	(9,351,000)	(2,590,000)	(1,942,000)	(910,000)	(8,185,000)
Redemptions of financial assets at FVTPL	12,277,574	2,839,682	1,572,824	771,490	7,517,266
Placement of time deposits	(88,037)	(21,521)	–	–	(151,525)
Withdrawal of time deposits	155,426	110,948	25,577	26,582	107,588
Investment in equity instrument at FVTOCI	–	–	(5,000)	(5,000)	–
Advance to related parties	–	(78)	–	–	–
Repayment from related parties	–	–	78	–	–
Receipt of asset-related government grants	–	–	–	–	10,200
Net cash from (used in) investing activities	<u>2,007,156</u>	<u>(212,489)</u>	<u>(1,221,032)</u>	<u>(439,244)</u>	<u>(1,096,712)</u>
FINANCING ACTIVITIES					
Dividend paid	(781,878)	(841,030)	(533,327)	(533,327)	(87,081)
Exercise of restricted shares/share options	46,857	–	–	–	1,652
Repurchase of restricted shares	(296)	–	–	–	–
Repurchase of ordinary shares under share incentive plans	–	(350,017)	(2)	–	–
Proceeds from underrecognized discounted bills	140,075	188,587	406,569	357,800	5,465
New bank loans raised	–	–	4,467,937	3,268,652	1,120,000
Repayment of bank loans	–	–	(300,442)	–	(2,095,410)
Interest paid on bank loans	–	–	(35,534)	(12,201)	(90,325)
Contribution from non-controlling interests	–	63,125	–	–	–
Repayments of lease liabilities	(191,007)	(174,888)	(139,094)	(91,421)	(152,974)
Interest paid of lease liabilities	(19,533)	(19,718)	(18,553)	(13,953)	(13,291)
Issue costs paid	–	–	–	–	(16,407)
Net cash (used in) from financing activities	<u>(805,782)</u>	<u>(1,133,941)</u>	<u>3,847,554</u>	<u>2,975,550</u>	<u>(1,328,371)</u>
Net increase (decrease) in cash and cash equivalents	2,895,332	(2,226,917)	1,059,389	(379,286)	1,410,165
Cash and cash equivalents at the beginning of the year/period	1,559,084	4,470,688	2,284,679	2,284,679	3,360,355
Effect of foreign exchange rate changes	<u>16,272</u>	<u>40,908</u>	<u>16,287</u>	<u>20,286</u>	<u>14,879</u>
Cash and cash equivalents at the end of the year/period, represented by Cash and cash equivalents	<u>4,470,688</u>	<u>2,284,679</u>	<u>3,360,355</u>	<u>1,925,679</u>	<u>4,785,399</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established and registered in the PRC on April 30, 2002, as a limited liability company. In December 2011, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. In May 2015, the Company’s domestic shares (the “A Shares”) were listed on the Shenzhen Stock Exchange (stock code: 300450). The addresses of the Company’s registered office and the principal place of business is disclosed in the section headed “Corporate Information” in the Document.

The Group is principally engaged in the research and development, manufacturing and sales of advanced intelligent equipment to address the customers’ customised manufacturing needs. The Group offers products and solutions along a continuum ranging from stand-alone equipment to complete production lines across several sectors, including lithium-ion battery intelligent equipment, photovoltaic intelligent equipment, intelligent logistics equipment, 3C intelligent equipment and etc.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 which conform with IFRS Accounting Standards.

The statutory financial statements of the Company for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by 天職會計師事務所(特殊普通合伙), certified public accountants registered in the PRC.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — dependent Electricity ²
Amendments to IFRS 10 and IAS 28.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

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Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

The application of IFRS 18 is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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Changes in the Group’s interests in existing subsidiaries

Changes in the Group’s interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment loss, if any.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in notes 6, 24 and 30.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

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Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of staff apartments and containers 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 electronic equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

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When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserves (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit schemes in the PRC are recognized as an expense when employees have rendered service entitling them to the contributions.

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Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payments transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

When share options are exercised, the amount previously recognized in other reserves will continue to be held in other reserves. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in other reserves will continue to be held in other reserves.

When shares granted are vested, the amount previously recognized in other reserves will continue to be held in other reserves.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ because of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than freehold land and construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated other intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Development stage begins after the platform design verification test has been passed, prototypes and samples have been tested and test reports have been generated. Development costs at this stage are recognized as assets when the above six criteria are met.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred.

Capitalized development costs are amortized using the straight-line method over their estimated useful lives. Amortization shall begin when the assets are available for use.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (the “CGU”) to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or the group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

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The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of equipments are recognized at the date of sale of the relevant products, at the directors’ best estimate of the expenditure required to settle the Group’s obligation.

Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than for financial assets at FVTPL) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized

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by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these bills receivables are recognized in other comprehensive income and accumulated under the heading of other FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these bills receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including bills, trade and other receivables, bills receivables at FVTOCI, time deposits, restricted bank deposits and cash and cash equivalents) and other items (contract assets) which are subject to impairment assessment under IFRS 9 *Financial Instruments*. The amount of ECL is updated at the reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

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(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables/contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration of the aging when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for bills receivables that are measured at FVTOCI, the Group recognizes an impairment loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of bills, trade and other receivables and contract assets where the corresponding adjustment is recognized through a loss allowance account. For bills receivables that are measured at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically, for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the ‘Other gains and losses’ line item (note 8) as part of the net foreign exchange gains.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in bills receivables classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

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Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company’s own equity instruments.

Financial liabilities at amortized cost

All financial liabilities held by the Group (including bills, trade and other payables and borrowings), are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the ‘Other gains and losses’ line item in profit or loss (note 8) as part of net foreign exchange gains for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, is recognized in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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 within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

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As at December 31, 2022, 2023 and 2024 and September 30, 2025, the carrying amount of goodwill for each reporting period is RMB1,086,614,000. Details of the recoverable amount calculation are disclosed in note 18.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets relating to debtors with known financial difficulties or significant doubt on collection are assessed individually for impairment. In addition, the Group uses practical expedient in estimating ECL on trade receivables and contract assets, which are not assessed individually using a provision matrix. The provision rates are based on aging analysis for grouping of debtors that have similar loss patterns taking into consideration the historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group’s and the Company’s trade receivables and contract assets are disclosed in notes 23, 24 and 40.

Write-down of inventories based on the lower of cost and net realizable value

The Group reviews the conditions of inventories and makes provision for obsolete and slow-moving inventory items by using the lower of cost and net realizable value. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. The management reassesses these estimates at the end of the reporting period.

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the carrying amount of inventories is RMB12,405,401,000, RMB13,207,043,000 and RMB13,580,021,000 and RMB14,862,446,000, net of accumulated inventory provision of RMB152,222,000, RMB539,104,000, RMB933,698,000 and RMB692,086,000. The amounts of write-down of inventories during the Track Record Period are set out in note 12.

6. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of goods or services					
Sales of intelligent equipment					
– Lithium-ion battery intelligent equipment	9,944,385	12,641,783	7,688,549	6,268,424	6,948,973
– Photovoltaic intelligent equipment	463,490	1,028,274	866,993	564,356	964,308
– 3C Intelligent equipment	605,836	698,450	688,767	373,134	134,998
– Intelligent logistics equipment	1,694,501	1,431,001	1,867,332	1,503,826	921,037
– Others	1,127,919	683,833	661,709	328,668	1,418,224
	<u>13,836,131</u>	<u>16,483,341</u>	<u>11,773,350</u>	<u>9,038,408</u>	<u>10,387,540</u>
Timing of revenue recognition					
A point in time	<u>13,836,131</u>	<u>16,483,341</u>	<u>11,773,350</u>	<u>9,038,408</u>	<u>10,387,540</u>
Geographical markets (Note)					
Mainland China	12,640,761	14,241,778	8,942,013	6,838,597	8,372,229
Overseas	1,195,370	2,241,563	2,831,337	2,199,811	2,015,311
	<u>13,836,131</u>	<u>16,483,341</u>	<u>11,773,350</u>	<u>9,038,408</u>	<u>10,387,540</u>

Note: Information about the Group’s revenue from external customers is presented based on the locations of the customers.

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Performance obligations for contracts with customers and revenue recognition policies

Sales of intelligent equipment

Each of the equipment involves a comprehensive process, including design, manufacture, delivery, installation and commissioning of customised products to the customers. Given that customers cannot benefits from part of the process, each of the equipment is accounted for as a single performance obligation. Revenue from sales of intelligent equipment is generally recognized upon the receipt of customer acceptance. Such acceptance is formally acknowledged through a signed document verifying that the equipment meets the specified requirements and is fully operational to the customer’s satisfaction, which representing the customer has the ability to direct the use of the equipment and obtain substantially all of the remaining benefits of the equipment.

Typically, upon signing of a sales contract, the customer is obligated to remit a deposit of approximately 30% of the total contract amount. When the equipment is prepared for shipment, the customer is required to settle approximately 30% of the total contract amount. Subsequently, upon the completion of installation and commissioning of the equipment, and upon receipt of the customer’s signed acceptance confirmation, the customer is obliged to pay an additional approximately 30% of the total contract amount. Finally, approximately 10% of the contract amount is withheld by the customers and is released upon the fulfillment of a one year’s retention period. The services to be provided during the retention period is considered as an assurance-type warranty in order to ensure the equipment will be operational as needed and is accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Contract liabilities are recognized when the advance payments are received but revenue has yet been recognized. Retention receivables are classified as contract assets and are transferred to trade receivables when the rights become unconditional.

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group’s contract has an original expected duration of less than one year.

Segment information

Information reported to the chief executive officer and executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resources allocation and performance assessment focused on geographical locations of the production bases. The Group has identified the following two reportable segments:

- Lead Intelligence: its production bases are located in Wuxi, Jiangsu Province; design, manufacture and sales of front and middle of the manufacturing processes of lithium-ion battery intelligent equipment, photovoltaic intelligent equipment, 3C intelligent equipment, and other equipment; and
- Titan New Power: its production bases are located in Zhuhai, Guangdong Province; design, manufacture and sales of back-end of the manufacturing processes of lithium-ion battery intelligent equipment and intelligent logistics equipment.

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Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable segments:

	Lead Intelligence	Titan New Power	Elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
For the year ended December 31, 2022				
Segment revenue				
External sales	11,258,879	2,577,252	–	13,836,131
Inter-segment sales	474,069	285,341	(759,410)	–
Segment revenue	11,732,948	2,862,593	(759,410)	13,836,131
Segment profit (loss) before tax	2,245,362	299,444	(3,921)	2,540,885
For the year ended December 31, 2023				
Segment revenue				
External sales	13,753,523	2,729,818	–	16,483,341
Inter-segment sales	1,157,750	479,091	(1,636,841)	–
Segment revenue	14,911,273	3,208,909	(1,636,841)	16,483,341
Segment profit (loss) before tax	1,600,609	368,958	(58,868)	1,910,699
For the year ended December 31, 2024				
Segment revenue				
External sales	9,140,269	2,633,081	–	11,773,350
Inter-segment sales	1,045,742	554,898	(1,600,640)	–
Segment revenue	10,186,011	3,187,979	(1,600,640)	11,773,350
Segment (loss) profit before tax	(317,212)	390,244	39,223	112,255
For the nine months ended September 30, 2024 (unaudited)				
Segment revenue				
External sales	7,767,534	1,270,874	–	9,038,408
Inter-segment sales	715,285	359,583	(1,074,868)	–
Segment revenue	8,482,819	1,630,457	(1,074,868)	9,038,408
Segment profit before tax	369,629	256,501	2,201	628,331
For the nine months ended September 30, 2025				
Segment revenue				
External sales	9,145,971	1,241,569	–	10,387,540
Inter-segment sales	34,685	410,807	(445,492)	–
Segment revenue	9,180,656	1,652,376	(445,492)	10,387,540
Segment profit before tax	1,195,065	83,186	4,552	1,282,803

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in note 4. Segment profit/(loss) represents the profit earned by/loss from each segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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Segment assets and liabilities

The following is an analysis of the Group’s assets and liabilities by reportable segments:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets				
Lead Intelligence	26,272,485	27,874,184	28,814,019	30,763,965
Titan New Power	6,633,695	7,347,554	7,280,108	8,158,904
Consolidated assets	32,906,180	35,221,738	36,094,127	38,922,869
Segment liabilities				
Lead Intelligence	16,187,030	17,419,505	18,844,926	21,664,056
Titan New Power	5,593,936	5,954,767	5,669,816	4,557,267
Consolidated liabilities	21,780,966	23,374,272	24,514,742	26,221,323

Other segment information (included in the measure of segment profit or loss or segment assets)

	Lead Intelligence	Titan New Power	Total
	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2022			
Depreciation of property, plant and equipment	126,886	19,599	146,485
Depreciation of right-of-use assets	140,380	18,476	158,856
Amortization of other intangible assets	23,049	19,010	42,059
Write-down of inventories	96,422	18,474	114,896
Impairment losses recognized in profit or loss			
– trade receivables	322,621	123,513	446,134
– contract assets	17,539	4,169	21,708
– other receivables	4,651	679	5,330
Additions to property, plant and equipment	370,204	150,212	520,416
Additions to other intangible assets	59,754	734	60,488
For the year ended December 31, 2023			
Depreciation of property, plant and equipment	156,364	28,575	184,939
Depreciation of right-of-use assets	168,641	19,810	188,451
Amortization of other intangible assets	66,758	19,822	86,580
Write-down of inventories	408,970	2,575	411,545
Impairment losses recognized (reversed) in profit or loss			
– trade receivables	578,058	151,446	729,504
– contract assets	18,511	188	18,699
– other receivables	2,640	(456)	2,184
Additions to property, plant and equipment	431,049	119,651	550,700
Additions to other intangible assets	111,186	724	111,910
For the year ended December 31, 2024			
Depreciation of property, plant and equipment	172,290	36,245	208,535
Depreciation of right-of-use assets	139,188	12,687	151,875
Amortization of other intangible assets	84,561	28,431	112,992
Write-down of inventories	499,472	49,200	548,672
Impairment losses recognized (reversed) in profit or loss			
– trade receivables	505,079	89,104	594,183
– contract assets	(39,476)	(4,824)	(44,300)
– other receivables	5,179	108	5,287
Additions to property, plant and equipment	765,906	379,321	1,145,227
Additions to other intangible assets	42,039	1,091	43,130

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	Lead Intelligence	Titan New Power	Total
	RMB'000	RMB'000	RMB'000
For the nine months ended September 30, 2024			
(unaudited)			
Depreciation of property, plant and equipment	122,124	24,544	146,668
Depreciation of right-of-use assets	105,592	10,668	116,260
Amortization of other intangible assets	58,991	14,809	73,800
Write-down of inventories	84,937	–	84,937
Impairment losses recognized (reversed) in profit or loss			
– trade receivables	419,675	114,820	534,495
– contract assets	(15,011)	(1,819)	(16,830)
– other receivables	(2,055)	123	(1,932)
Additions to property, plant and equipment	517,168	353,999	871,167
Additions to other intangible assets	32,857	980	33,837
	<u> </u>	<u> </u>	<u> </u>
For the nine months ended September 30, 2025			
Depreciation of property, plant and equipment	151,793	34,662	186,455
Depreciation of right-of-use assets	116,062	2,424	118,486
Amortization of other intangible assets	70,019	15,817	85,836
Write-down of inventories	170,426	–	170,426
Impairment losses (reversed) recognized in profit or loss . .			
– trade receivables	(169,377)	(49,450)	(218,827)
– contract assets	6,048	612	6,660
– other receivables	(4,167)	639	(3,528)
Additions to property, plant and equipment	292,215	56,741	348,956
Additions to other intangible assets	20,215	249	20,464
	<u> </u>	<u> </u>	<u> </u>

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Customer A	5,545,754	2,539,654	N/A ¹	N/A ¹	2,828,975
Customer B	2,620,681	2,878,265	1,787,432	1,725,001	N/A ¹
Customer C	N/A ¹	2,017,751	N/A ¹	N/A ¹	N/A ¹
	<u>8,166,435</u>	<u>7,435,670</u>	<u>1,787,432</u>	<u>1,725,001</u>	<u>2,828,975</u>

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

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7. OTHER INCOME AND EXPENSES

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Unconditional government grants (<i>Note i</i>) . . .	22,782	22,185	28,067	21,239	8,913
Subsidies for research and development projects (<i>Note i</i>)	10,522	11,515	3,310	901	18,045
Subsidies for assets acquisition (<i>Note i</i>)	7,637	7,637	7,637	5,728	5,453
Value-added tax refund and additional deduction (<i>Note ii</i>)	273,860	340,071	333,474	303,490	182,540
Interest income from bank balances	61,033	61,253	38,415	26,342	34,818
Interest income from time deposits	11,520	3,058	3,371	2,528	1,592
Penalty income	6,542	12,249	6,147	5,673	1,912
Others	14,431	6,330	(90,153)	3,657	3,311
	<u>408,327</u>	<u>464,298</u>	<u>330,268</u>	<u>369,558</u>	<u>256,584</u>

Notes:

- i. The government grants mainly represent unconditional government grants, subsidies for research and developments projects and asset acquisition from the PRC local governments to encourage the operations and industry development. Unconditional government grants are recognized in profit or loss when received. Details of subsidies for research and development projects and asset acquisition are set out in note 33.
- ii. In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on October 13, 2011 and came into effect on January 1, 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.

In addition, effective from January 1, 2023 to December 31, 2027, the net value added tax payables amount has been reduced by an additional 5% of value added tax on purchases, pursuant to the announcements jointly issued by the Ministry of Finance and the State Taxation Administration of the PRC on September 3, 2023.

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net gains from changes in fair value of financial assets measured at FVTPL	39,447	8,593	3,086	1,474	16,906
Net losses on derecognition of bills receivables at FVTOCI	(10,835)	(18,888)	(12,254)	(11,497)	(6,359)
Net losses on disposals of property, plant and equipment	(470)	(17,988)	(4,444)	(6,102)	(4,052)
Net foreign exchange gains	31,736	9,523	45,864	16,115	35,037
Decrease in goodwill (<i>note 18</i>)	(1,314)	—	—	—	—
Others	1,445	2,835	(17,645)	(6,319)	(10,018)
	<u>60,009</u>	<u>(15,925)</u>	<u>14,607</u>	<u>(6,329)</u>	<u>31,514</u>

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9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Impairment losses recognized (reversed) on:					
– trade receivables	446,134	729,504	594,183	534,495	(218,827)
– contract assets	21,708	18,699	(44,300)	(16,830)	6,660
– other receivables	5,330	2,184	5,287	(1,932)	(3,528)
	<u>473,172</u>	<u>750,387</u>	<u>555,170</u>	<u>515,733</u>	<u>(215,695)</u>

Details of impairment assessment are set out in note 40.

10. FINANCE COSTS

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on lease liabilities	19,533	19,718	18,553	13,953	13,291
Interest on bank loans	–	–	42,196	17,450	86,224
Bank charges for discounted bills receivables.	607	497	1,438	1,472	24
	<u>20,140</u>	<u>20,215</u>	<u>62,187</u>	<u>32,875</u>	<u>99,539</u>

11. INCOME TAX EXPENSE (CREDIT)

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
PRC Enterprise Income Tax					
– Current tax	325,827	311,982	38,258	102,329	2,659
– Under (over) provision in prior years . . .	28	1,760	(1,487)	(1,487)	3,751
Deferred tax (credit) expense (note 21) . . .	(103,103)	(173,820)	(192,547)	(59,467)	115,098
	<u>222,752</u>	<u>139,922</u>	<u>(155,776)</u>	<u>41,375</u>	<u>121,508</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% during the Track Record Period, except for the Company and certain subsidiaries entitled to preferential tax rates.

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The Company has been accredited as a “high and new technical enterprise” (the “HNTE”) on June 13, 2010, and renewed the HNTE in 2013, 2016, 2019, 2022 and 2025 respectively, such status will expire on November 18, 2028. The Company is entitled to a preferential income tax rate of 15%. Certain subsidiaries are also recognized as HNTEs and the effective periods are as follows:

Name of subsidiary	Starting date	Expiry date
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司) (“Zhuhai Titan”)	December 9, 2016	December 19, 2028
Guangdong Beidao intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司) (“Guangdong Beidao”)	December 28, 2023	December 28, 2026
Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司) (“Jiangsu Qingdao Intelligent”)	November 28, 2023	November 28, 2026
Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司) (“Jiangsu Lead Technology”)	November 6, 2023	November 6, 2026
Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司) (“Wuxi Guangdao”)	November 6, 2023	November 6, 2026
Shanghai Lead Huineng Technology Co., Ltd. (上海先導慧能技術有限公司) (“Shanghai Lead Huineng”)	December 4, 2024	December 4, 2027

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2022 to September 30, 2022 and for the period from October 1, 2022 to September 30, 2025, respectively.

Additionally, Jiangsu Andao Intelligent Equipment Co., Ltd. (江蘇安導智能裝備有限公司) and Shanghai Qingdao Hanjue Intelligent Technology Co., Ltd. (上海氫導漢珏智慧科技有限公司) were subject to “small and thin-profit enterprises” and would benefit from a preferential tax rate of 20% under the EIT Law. During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 (unaudited) and 2025, the qualifying group entities enjoyed 87.5%, 75%, 75%, 75% (unaudited) and 75% reduction on annual taxable income, respectively.

The income tax expense for the Track Record Period can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	2,540,885	1,910,699	112,255	628,331	1,282,803
Tax at the PRC EIT rate of 15%	381,133	286,605	16,838	94,250	192,420
Tax effect on expenses not deductible for tax purposes	22,806	22,033	27,276	21,278	11,930
Tax effect of income not taxable for tax purposes	(1,396)	(1,051)	(992)	(734)	(773)
Tax effect of tax losses not recognized	46,740	66,579	50,519	99,753	89,190
Tax effect of deductible temporary differences not recognized	539	11,934	8,876	9,591	7,012
Utilization of tax losses previously not recognized	(602)	(5,791)	(19,133)	(19,047)	(571)
Utilization of deductible temporary differences previously not recognized	(20,653)	–	(37)	(3,400)	(786)
Tax benefit on research and development expenses	(206,059)	(242,187)	(245,222)	(164,538)	(181,523)
Effect of different tax rates of subsidiaries operating in other jurisdictions	406	54	7,611	5,709	923
Income tax at concessionary rate	(190)	(14)	(25)	–	(65)
Under (over) provision in respect of prior years	28	1,760	(1,487)	(1,487)	3,751
	<u>222,752</u>	<u>139,922</u>	<u>(155,776)</u>	<u>41,375</u>	<u>121,508</u>

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12. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period during the Track Record Period has been arrived at after charging:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Staff costs, including directors’ remuneration					
– salaries and other benefits	2,880,752	3,569,661	3,467,162	2,560,525	2,484,791
– retirement benefit scheme contributions	146,773	202,583	233,290	146,983	158,673
– equity-settled share-based payment expenses	55,001	87,175	3,827	30,602	32,759
Total staff costs	3,082,526	3,859,419	3,704,279	2,738,110	2,676,223
Capitalized in inventories	(1,453,551)	(1,689,164)	(1,623,418)	(1,150,308)	(1,108,687)
Capitalized in development costs	(21,545)	(79,915)	(4,910)	(6,818)	–
	<u>1,607,430</u>	<u>2,090,340</u>	<u>2,075,951</u>	<u>1,580,984</u>	<u>1,567,536</u>
Depreciation of property, plant and equipment	146,485	184,939	208,535	146,668	186,455
Depreciation of right-of-use assets	158,856	188,451	151,875	116,260	118,486
Amortization of other intangible assets	42,059	86,580	112,992	73,800	85,836
Total depreciation and amortization	347,400	459,970	473,402	336,728	390,777
Capitalized in inventories	(264,500)	(358,885)	(355,728)	(232,490)	(294,531)
Capitalized in development costs	–	(3,143)	(122)	(122)	–
	<u>82,900</u>	<u>97,942</u>	<u>117,552</u>	<u>104,116</u>	<u>96,246</u>
Cost of inventories recognized as an expense	8,669,264	10,708,889	7,706,971	5,792,875	7,023,217
Write-down of inventories (included in cost of sales)	114,896	411,545	548,672	84,937	170,426
Auditor’s remunerations	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>938</u>	<u>938</u>

13. DIRECTORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

Directors, chief executive officer and supervisors

Name	Position	Date of appointment
Mr. Wang Yanqing	Executive director and chief executive officer	December 20, 2011
Mr. Wang Jianxin	Executive director	December 20, 2011
Mr. You Zhiliang	Executive director	December 20, 2011
Mr. Wang Lei	Executive director	February 26, 2018
Mr. Zhao Kanglian	Independent non-executive director	February 26, 2018 (resigned on February 19, 2024)
Ms. Zhang Mingyan	Independent non-executive director	February 22, 2021
Mr. Sun Qinglong	Independent non-executive director	February 22, 2021 (resigned on May 30, 2022)
Mr. Dai Jianjun	Independent non-executive director	May 30, 2022
Mr. Guo Xiasheng	Independent non-executive director	February 19, 2024
Mr. Cai Jianbo	Supervisor	November 26, 2018 (resigned on February 19, 2024)
Ms. Bian Fenxiang	Supervisor	February 15, 2017
Ms. Wang Qingyan	Supervisor	May 13, 2019
Mr. Hua Wei	Supervisor	February 19, 2024

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Details of the emoluments paid or payable to the directors of the Company for the service provided to the Group during the Track Record Period are as follows:

	Directors fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payments expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended					
December 31, 2022					
Executive directors:					
Mr. Wang Yanqing	—	2,656	70	—	2,726
Mr. Wang Jianxin	—	838	39	—	877
Mr. You Zhiliang	—	420	32	26	478
Mr. Wang Lei	—	—	20	—	20
Subtotal	—	3,914	161	26	4,101
Independent non-executive directors:					
Mr. Zhao Kanglian	50	—	—	—	50
Ms. Zhang Mingyan	50	—	—	—	50
Mr. Sun Qinglong	17	—	—	—	17
Mr. Dai Jianjun	33	—	—	—	33
Subtotal	150	—	—	—	150
Supervisors:					
Mr. Cai Jianbo	—	224	—	—	224
Ms. Bian Fenxiang	—	301	27	—	328
Ms. Wang Qingyan	—	147	16	—	163
Subtotal	—	672	43	—	715
Total	150	4,586	204	26	4,966
For the year ended					
December 31, 2023					
Executive directors:					
Mr. Wang Yanqing	—	4,145	99	—	4,244
Mr. Wang Jianxin	—	887	58	—	945
Mr. You Zhiliang	—	425	44	107	576
Mr. Wang Lei	—	1,071	67	—	1,138
Subtotal	—	6,528	268	107	6,903
Independent non-executive directors:					
Mr. Zhao Kanglian	50	—	—	—	50
Ms. Zhang Mingyan	50	—	—	—	50
Mr. Dai Jianjun	50	—	—	—	50
Subtotal	150	—	—	—	150

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	Directors fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payments expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors:					
Mr. Cai Jianbo	–	16	–	–	16
Ms. Bian Fenxiang	–	313	41	–	354
Ms. Wang Qingyan	–	151	22	–	173
Mr. Hua Wei	–	155	24	–	179
Subtotal	–	635	87	–	722
Total	150	7,163	355	107	7,775
For the year ended December 31, 2024					
Executive directors:					
Mr. Wang Yanqing	–	4,147	107	–	4,254
Mr. Wang Jianxin	–	890	118	–	1,008
Mr. You Zhiliang	–	521	51	3	575
Mr. Wang Lei	–	1,263	116	–	1,379
Subtotal	–	6,821	392	3	7,216
Independent non-executive directors:					
Mr. Guo Xiasheng	50	–	–	–	50
Ms. Zhang Mingyan	50	–	–	–	50
Mr. Dai Jianjun	50	–	–	–	50
Subtotal	150	–	–	–	150
Supervisors:					
Ms. Bian Fenxiang	–	312	71	–	383
Ms. Wang Qingyan	–	171	43	–	214
Mr. Hua Wei	–	156	28	–	184
Subtotal	–	639	142	–	781
Total	150	7,460	534	3	8,147
For the nine months ended September 30, 2024 (unaudited)					
Executive directors:					
Mr. Wang Yanqing	–	2,963	81	–	3,044
Mr. Wang Jianxin	–	608	76	–	684
Mr. You Zhiliang	–	345	38	45	428
Mr. Wang Lei	–	831	78	–	909
Subtotal	–	4,747	273	45	5,065
Independent non-executive directors:					
Mr. Guo Xiasheng	38	–	–	–	38
Ms. Zhang Mingyan	38	–	–	–	38
Mr. Dai Jianjun	38	–	–	–	38
Subtotal	114	–	–	–	114
Supervisors:					
Ms. Bian Fenxiang	–	234	53	–	287
Ms. Wang Qingyan	–	128	33	–	161
Mr. Hua Wei	–	138	21	–	159
Subtotal	–	500	107	–	607
Total	114	5,247	380	45	5,786

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	Directors fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payments expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the nine months ended September 30, 2025					
Executive directors:					
Mr. Wang Yanqing	—	3,715	81	—	3,796
Mr. Wang Jianxin	—	859	81	—	940
Mr. You Zhiliang	—	310	49	55	414
Mr. Wang Lei	—	1,336	81	—	1,417
Subtotal	—	6,220	292	55	6,567
Independent non-executive directors:					
Mr. Guo Xiasheng	38	—	—	—	38
Ms. Zhang Mingyan	38	—	—	—	38
Mr. Dai Jianjun	38	—	—	—	38
Subtotal	114	—	—	—	114
Supervisors:					
Ms. Bian Fenxiang	—	298	49	—	347
Ms. Wang Qingyan	—	133	32	—	165
Mr. Hua Wei	—	126	21	—	147
Subtotal	—	557	102	—	659
Total	114	6,777	394	55	7,340

The executive directors’ and chief executive’s emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The non-executive directors’ and supervisors’ emoluments shown above were paid for their services as directors and supervisors of the Company. None of the directors of the Company waived or agreed to waive any emoluments during the Track Record Period.

During the Track Record Period, certain directors were granted restricted shares or share options, in respect of their services to the Group under the share incentive schemes of the Company and the subsidiaries of the Group. Details of the share incentive schemes are set out in note 36 to the Historical Financial Information.

Five highest paid employees

The five highest paid individuals of the Group included 1, 2, 2, 2 (unaudited) and 2 directors of the Company during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 (unaudited) and 2025, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining 4, 3, 3, 3 (unaudited) and 3 highest paid individuals during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 (unaudited) and 2025, respectively, are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other benefits	10,156	3,255	3,371	2,250	3,715
Retirement benefit scheme contributions . . .	119	250	349	234	277
Equity-settled share-based payments expense .	129	537	218	610	865
	10,404	4,042	3,938	3,094	4,857

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The number of the five highest paid individuals fell within the following bands is as below:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Nil to HK\$1,000,000	–	–	–	1	–
HK\$1,000,001 to HK\$1,500,000	2	3	2	3	–
HK\$1,500,001 to HK\$2,000,000	–	1	2	–	4
HK\$2,500,001 to HK\$3,000,000	1	–	–	–	–
HK\$3,000,001 to HK\$3,500,000	1	–	–	1	–
HK\$4,000,001 to HK\$4,500,000	–	–	–	–	1
HK\$4,500,001 to HK\$5,000,000	–	1	1	–	–
HK\$5,000,001 to HK\$5,500,000	1	–	–	–	–
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
	=	=	=	=	=

During the Track Record Period, no emoluments were paid by the Group to any of the executive director, non-executive directors, independent non-executive directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Dividend for ordinary shareholders of the					
Company recognized as distribution:					
2021 Final – RMB0.50 per share	781,878	–	–	–	–
2022 Final – RMB0.54 per share	–	841,030	–	–	–
2023 Final – RMB0.34 per share	–	–	533,327	533,327	–
2024 Final – RMB0.06 per share	–	–	–	–	87,081
	<u>781,878</u>	<u>841,030</u>	<u>533,327</u>	<u>533,327</u>	<u>87,081</u>
	=	=	=	=	=

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ACCOUNTANTS’ REPORT

15. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(unaudited)				
Earnings (RMB’000)					
Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	2,318,133	1,774,566	286,100	608,479	1,186,325
Number of shares (’000)					
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	1,564,316	1,566,163	1,554,890	1,554,890	1,554,935
Effect of dilutive potential ordinary shares:					
– share incentive plans of the Company	610	1,079	333	19	1,852
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,564,926	1,567,242	1,555,223	1,554,909	1,556,787

Note: The number of treasury shares was excluded in calculating the weighted average number of ordinary shares for the purpose of basic earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and facilities	Leasehold improvement	Freehold land	Machinery	Electronic and other equipment	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
COST							
At January 1, 2022	604,650	161,186	–	182,083	329,014	214,878	1,491,811
Additions	25,977	6,989	12,204	19,507	52,120	403,619	520,416
Transfer	153,079	259,055	–	4,469	23,820	(440,423)	–
Disposals/write-off	–	(26,685)	–	(435)	(1,550)	–	(28,670)
Exchange adjustments	–	–	–	–	(4)	–	(4)
At December 31, 2022	783,706	400,545	12,204	205,624	403,400	178,074	1,983,553
Additions	–	–	–	13,366	46,957	490,377	550,700
Transfer	105,649	89,435	–	15,871	18,196	(229,151)	–
Disposals/write-off	–	(8,006)	–	(16,729)	(21,962)	–	(46,697)
Exchange adjustments	824	–	754	392	28	–	1,998
At December 31, 2023	890,179	481,974	12,958	218,524	446,619	439,300	2,489,554
Additions	1,297	832	–	6,643	26,590	1,109,865	1,145,227
Transfer	920,717	151,307	–	20,180	33,042	(1,125,246)	–
Disposals/write-off	–	(7,786)	–	(8,835)	(12,296)	–	(28,917)
Exchange adjustments	(1,174)	–	(1,227)	(2,236)	(376)	–	(5,013)
At December 31, 2024	1,811,019	626,327	11,731	234,276	493,579	423,919	3,600,851
Additions	–	–	–	5,133	9,111	334,712	348,956
Transfer	29	204,762	–	42,744	3,946	(251,481)	–
Disposals/write-off	–	(29,290)	–	(1,834)	(17,612)	–	(48,736)
Exchange adjustments	2,989	–	1,262	896	1,712	–	6,859
At September 30, 2025	1,814,037	801,799	12,993	281,215	490,736	507,150	3,907,930

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	Buildings and facilities	Leasehold improvement	Freehold land	Machinery	Electronic and other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION							
At January 1, 2022 . . .	100,763	42,817	–	38,346	126,653	–	308,579
Provided for the year . . .	27,834	46,834	–	15,353	56,464	–	146,485
Eliminated on disposals/write-off . . .	–	(26,685)	–	(282)	(1,232)	–	(28,199)
At December 31, 2022 . .	128,597	62,966	–	53,417	181,885	–	426,865
Provided for the year . . .	37,978	63,073	–	18,533	65,355	–	184,939
Eliminated on disposals/write-off . . .	–	(8,006)	–	(3,654)	(16,986)	–	(28,646)
Exchange adjustments . . .	39	–	–	85	12	–	136
At December 31, 2023 . .	166,614	118,033	–	68,381	230,266	–	583,294
Provided for the year . . .	48,918	74,578	–	17,826	67,213	–	208,535
Eliminated on disposals/write-off . . .	–	(7,786)	–	(6,216)	(9,814)	–	(23,816)
Exchange adjustments . . .	(51)	–	–	(100)	(92)	–	(243)
At December 31, 2024 . .	215,481	184,825	–	79,891	287,573	–	767,770
Provided for the period . .	60,720	63,489	–	15,844	46,402	–	186,455
Eliminated on disposals/write-off . . .	–	(29,290)	–	(1,098)	(14,238)	–	(44,626)
Exchange adjustments . . .	245	–	–	292	430	–	967
At September 30, 2025 . .	276,446	219,024	–	94,929	320,167	–	910,566
CARRYING VALUES							
At December 31, 2022 . .	655,109	337,579	12,204	152,207	221,515	178,074	1,556,688
At December 31, 2023 . .	723,565	363,941	12,958	150,143	216,353	439,300	1,906,260
At December 31, 2024 . .	1,595,538	441,502	11,731	154,385	206,006	423,919	2,833,081
At September 30, 2025 . .	1,537,591	582,775	12,993	186,286	170,569	507,150	2,997,364

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The Company

	Buildings and facilities	Leasehold improvement	Machinery	Electronic and other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At January 1, 2022	546,358	133,297	169,578	297,169	135,712	1,282,114
Additions	(164)	—	13,188	44,828	262,458	320,310
Transfer	—	258,455	2,692	13,506	(274,653)	—
Disposals/write-off	—	(3,366)	(5,598)	(36,943)	—	(45,907)
At December 31, 2022 . .	546,194	388,386	179,860	318,560	123,517	1,556,517
Additions	(213)	—	7,513	31,405	368,662	407,367
Transfer	105,649	23,592	14,708	8,917	(152,866)	—
Disposals/write-off	—	(2,520)	(16,348)	(19,200)	—	(38,068)
At December 31, 2023 . .	651,630	409,458	185,733	339,682	339,313	1,925,816
Additions	—	246	5,622	16,450	735,936	758,254
Transfer	544,384	123,735	15,973	24,636	(708,728)	—
Disposals/write-off	—	(6,309)	(8,740)	(9,666)	—	(24,715)
At December 31, 2024 . .	1,196,014	527,130	198,588	371,102	366,521	2,659,355
Additions	—	—	4,939	5,773	273,011	283,723
Transfer	29	108,952	30,394	3,946	(143,321)	—
Disposals/write-off	—	(28,603)	(792)	(11,680)	—	(41,075)
At September 30, 2025 . .	1,196,043	607,479	233,129	369,141	496,211	2,902,003
DEPRECIATION						
At January 1, 2022	72,193	27,107	35,903	115,267	—	250,470
Provided for the year . . .	24,583	34,319	13,213	45,353	—	117,468
Eliminated on disposals/write-off	—	(3,366)	(1,081)	(16,623)	—	(21,070)
At December 31, 2022 . .	96,776	58,060	48,035	143,997	—	346,868
Provided for the year . . .	27,733	48,026	15,124	49,964	—	140,847
Eliminated on disposals/write-off	—	(2,520)	(3,454)	(15,275)	—	(21,249)
At December 31, 2023 . .	124,509	103,566	59,705	178,686	—	466,466
Provided for the year . . .	34,525	54,565	15,403	47,887	—	152,380
Eliminated on disposals/write-off	—	(6,309)	(5,847)	(7,749)	—	(19,905)
At December 31, 2024 . .	159,034	151,822	69,261	218,824	—	598,941
Provided for the period. .	40,363	52,910	13,304	34,129	—	140,706
Eliminated on disposals/write-off	—	(28,603)	(605)	(9,499)	—	(38,707)
At September 30, 2025 . .	199,397	176,129	81,960	243,454	—	700,940
CARRYING VALUES						
At December 31, 2022 . .	449,418	330,326	131,825	174,563	123,517	1,209,649
At December 31, 2023 . .	527,121	305,892	126,028	160,996	339,313	1,459,350
At December 31, 2024 . .	1,036,980	375,308	129,327	152,278	366,521	2,060,414
At September 30, 2025 . .	996,646	431,350	151,169	125,687	496,211	2,201,063

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The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following periods:

Buildings and facilities	20 years
Leasehold improvement	Shorter of their useful lives and the lease term
Freehold land.	Not depreciated
Machinery.	10 years
Electronic and other equipment.	5 years

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leasehold properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2022			
Carrying amounts	283,851	410,705	694,556
As at December 31, 2023			
Carrying amounts	320,266	434,794	755,060
As at December 31, 2024			
Carrying amounts	312,464	382,631	695,095
As at September 30, 2025			
Carrying amounts	306,667	544,587	851,254
For the year ended December 31, 2022			
Depreciation charge	4,816	154,040	158,856
For the year ended December 31, 2023			
Depreciation charge	5,923	182,528	188,451
For the year ended December 31, 2024			
Depreciation charge	7,802	144,073	151,875
For the nine months ended September 30, 2025			
Depreciation charge	5,797	112,689	118,486

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Expense relating to short-term leases	60,608	67,994	74,270	51,034	39,040
Expense relating to leases of low-value assets, excluding short-term leases of low- value assets	703	214	–	–	–
Total cash outflow for leases	410,702	305,152	231,917	156,408	205,305
Additions to right-of-use assets					
– leasehold lands	138,851	42,338	–	–	–
– leasehold properties	114,507	210,298	96,559	33,800	292,915
	253,358	252,636	96,559	33,800	292,915
Termination of right-of-use assets	8,377	3,713	4,649	3,151	18,270

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During the Track Record Period, the Group leased various properties for its operations. Lease contracts are entered into for fixed term of 2 to 10 years. The lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the Track Record Period, the Group has made three lump sum payments upfronts to government for leasehold lands with lease term of 50 years. The Group has obtained the land use right certificates for all leasehold lands.

During the Track Record Period, the Group regularly entered into short-term leases for staff apartments and containers and low-value leases for electronic equipment. As at December 31, 2022, 2023 and 2024 and September 30, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB440,223,000, RMB472,774,000, RMB426,379,000 and RMB547,587,000 are recognized with related right-of-use assets of RMB410,705,000, RMB434,794,000, RMB382,631,000 and RMB544,587,000 as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Details of the lease maturity analysis of lease liabilities are set out in notes 32 and 40.

The Company

	Leasehold lands	Leasehold properties	Total
	RMB'000	RMB'000	RMB'000
As at December 31, 2022			
Carrying amounts	186,528	399,540	586,068
As at December 31, 2023			
Carrying amounts	225,012	421,476	646,488
As at December 31, 2024			
Carrying amounts	219,278	379,595	598,873
As at September 30, 2025			
Carrying amounts	214,977	544,664	759,641
For the year ended December 31, 2022			
Depreciation charge	3,646	137,492	141,138
For the year ended December 31, 2023			
Depreciation charge	3,854	163,301	167,155
For the year ended December 31, 2024			
Depreciation charge	5,734	133,791	139,525
For the nine months ended September 30, 2025			
Depreciation charge	4,301	112,409	116,710

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	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Expense relating to short-term leases	36,083	63,761	63,739	36,075	27,864
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	703	214	–	–	–
Total cash outflow for leases	<u>318,688</u>	<u>219,978</u>	<u>211,746</u>	<u>133,458</u>	<u>194,129</u>
Additions to right-of-use assets					
– leasehold lands	71,361	42,338	–	–	–
– leasehold properties	<u>102,366</u>	<u>189,296</u>	<u>96,559</u>	<u>33,800</u>	<u>292,915</u>
	<u>173,727</u>	<u>231,634</u>	<u>96,559</u>	<u>33,800</u>	<u>292,915</u>
Termination of right-of-use assets	<u>2,843</u>	<u>3,713</u>	<u>4,649</u>	<u>3,151</u>	<u>15,437</u>

18. GOODWILL

The Group

	RMB'000
At January 1, 2022	1,087,928
Decrease in the year (Note)	<u>(1,314)</u>
At December 31, 2022, 2023 and 2024 and September 30, 2025	<u>1,086,614</u>

Note: The decrease in goodwill was due to the effect of the subsequent decrease in deferred tax liabilities arising from business combination. Deferred tax liabilities decreased subsequently as the future taxable temporary difference arising from the fair value adjustment of the property, plant and equipment and identifiable intangible assets of Zhuhai Titan acquired on acquisition date has been decreased due to the additional depreciation and amortization charged subsequent to acquisition date. The directors of the Company considered that the amount is insignificant and thus no adjustment to the Historical Financial Information accordingly.

Impairment testing of goodwill

On July 31, 2017, the Company acquired entire equity interests of Zhuhai Titan for a total consideration of RMB1,350,000,000, comprising a cash consideration of RMB607,500,000 and the fair value of shares issued by the Company amounting to RMB742,500,000. The goodwill of RMB1,092,335,000 resulted from the difference between the total consideration and the fair value of identifiable net assets of Zhuhai Titan amounting to RMB257,665,000.

For the purpose of impairment testing, goodwill acquired through business combination is allocated to Zhuhai Titan (“Zhuhai Titan CGU”), which constituted a CGU. In addition to goodwill, property, plant and equipment, right-of-assets and other intangible assets that generate cash flows together with the related goodwill are also included in the respective Zhuhai Titan CGU for the purpose of impairment assessment. have been assessed as one CGU. As at December 31, 2022, 2023 and 2024 and September 30, 2025 the carrying amount of the Zhuhai Titan CGU amounted to RMB1,175,246,000, RMB1,198,112,000, RMB1,250,709,000 and RMB[1,281,663,000], respectively.

The Group engaged an independent qualified professional valuer, Vocation (Beijing) International Asset Valuation Co., Ltd (“Vocation”) (沃克森(北京)國際資產評估有限公司) (305-306, 3rd Floor, Block 37, No. 19 Chegongzhuang West Road, Haidian District, Beijing, China), to assist the preparation of the goodwill impairment testing. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period. The management of the Group did not assume any growth to the cash flows subsequent to the 5-year period. This is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

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The following table sets out the key assumptions for the value in use calculation of Zhuhai Titan CGU:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
Pre-tax discount rate	12.81%	11.07%	11.09%	12.76%
Revenue growth rate	1.93%	3.00%	4.96%	5.22%
Gross profit ratio	19.80%	23.02%	23.95%	24.08%

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to Zhuhai Titan CGU. Revenue growth rates and gross profit ratios were determined by the management of the Group based on Zhuhai Titan CGU’s past performance and management’s expectations for the market development.

Based on the result of the assessment, the management of the Group determined that the recoverable amount of Zhuhai Titan CGU exceeded the carrying amount by RMB941,914,000, RMB1,154,383,000, RMB590,257,000 and RMB445,061,000 as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. Accordingly, there was no impairment of goodwill recognized during the Track Record Period.

In addition, the management of the Group performed the sensitivity analysis based on changes of the abovementioned key assumptions. Had the estimated key assumptions during the forecast period been changed as below while other assumptions remained constant, the excess of recoverable amount of Zhuhai Titan CGU over the carrying amount, as at 31 December 2022, 2023 and 2024 and September 30, 2025 would decrease to the amounts set out as below:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Pre-tax discount rate increased by 5% .	829,354	1,012,190	457,774	319,950
Revenue growth rate decreased by 5% .	837,664	1,048,480	431,519	359,670
Gross profit ratio decreased by 5% . . .	680,124	828,410	268,384	233,170

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amounts of the Zhuhai Titan CGU to exceed its recoverable amount.

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19. OTHER INTANGIBLE ASSETS

The Group

	Development costs	Intellectual properties	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At January 1, 2022	190,120	133,527	94,114	417,761
Additions	52,452	–	8,036	60,488
Transfer	(120,901)	120,901	–	–
At December 31, 2022	121,671	254,428	102,150	478,249
Additions	97,948	–	13,962	111,910
Transfer	(114,324)	114,324	–	–
Write-off	(7,345)	–	(232)	(7,577)
Exchange adjustments	–	–	3	3
At December 31, 2023	97,950	368,752	115,883	582,585
Additions	5,105	–	38,025	43,130
Transfer	(103,055)	103,055	–	–
Exchange adjustments	–	–	(29)	(29)
At December 31, 2024	–	471,807	153,879	625,686
Additions	–	–	20,464	20,464
At September 30, 2025	–	471,807	174,343	646,150
AMORTIZATION				
At January 1, 2022	–	8,679	65,452	74,131
Charged for the year	–	29,966	12,093	42,059
At December 31, 2022	–	38,645	77,545	116,190
Charged for the year	–	69,938	16,642	86,580
Eliminated on write-off	–	–	(15)	(15)
Exchange adjustments	–	–	4	4
At December 31, 2023	–	108,583	94,176	202,759
Charged for the year	–	80,619	32,373	112,992
Exchange adjustments	–	–	(91)	(91)
At December 31, 2024	–	189,202	126,458	315,660
Charged for the period	–	68,717	17,119	85,836
At September 30, 2025	–	257,919	143,577	401,496
CARRYING VALUES				
At December 31, 2022	121,671	215,783	24,605	362,059
At December 31, 2023	97,950	260,169	21,707	379,826
At December 31, 2024	–	282,605	27,421	310,026
At September 30, 2025	–	213,888	30,766	244,654

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The Company

	Development costs	Intellectual properties	Software	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
COST				
At January 1, 2022	181,802	128,154	26,356	336,312
Additions	45,109	–	5,380	50,489
Transfer	(112,585)	112,585	–	–
Disposals	–	(128,146)	–	(128,146)
At December 31, 2022	114,326	112,593	31,736	258,655
Additions	97,948	–	12,286	110,234
Transfer	(114,324)	114,324	–	–
Write-off	–	–	(116)	(116)
At December 31, 2023	97,950	226,917	43,906	368,773
Additions	5,105	–	32,610	37,715
Transfer	(103,055)	103,055	–	–
At December 31, 2024	–	329,972	76,516	406,488
Additions	–	–	19,776	19,776
At September 30, 2025	–	329,972	96,292	426,264
AMORTIZATION				
At January 1, 2022	–	7,962	24,245	32,207
Charged for the year	–	1,876	2,374	4,250
Eliminated on disposals	–	(7,955)	–	(7,955)
At December 31, 2022	–	1,883	26,619	28,502
Charged for the year	–	41,571	6,260	47,831
Eliminated on write-off	–	–	(3)	(3)
At December 31, 2023	–	43,454	32,876	76,330
Charged for the year	–	52,252	17,714	69,966
At December 31, 2024	–	95,706	50,590	146,296
Charged for the period	–	49,495	13,796	63,291
At September 30, 2025	–	145,201	64,386	209,587
CARRYING VALUES				
At December 31, 2022	114,326	110,710	5,117	230,153
At December 31, 2023	97,950	183,463	11,030	292,443
At December 31, 2024	–	234,266	25,926	260,192
At September 30, 2025	–	184,771	31,906	216,677

The development costs are not amortized and are transferred to “Intellectual properties” once the relevant technologies are available for use.

Except for the development costs, the above items have finite useful lives. Such other intangible assets are amortized on a straight-line basis over the following periods:

Intellectual properties	2-10 years
Software	2 years

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Impairment testing of development costs

The management of the Group performed annual impairment testing during the Track Relevant Periods for the development costs which were not yet available for use. The recoverable amount of the development costs has been determined based on a value in use calculation by using the discounted cashflow method, based on the financial budgets of individual development projects approved by management covering a 5-year period. The values to the assigned key assumptions were based on the historical performance of comparable products and the management’s expectation of future market development.

The following table sets out the key assumption for the value in use calculation of the development costs:

	As at December 31,	
	2022	2023
Pre-tax discount rate	15.64%	15.40%

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to the development costs.

Based on the result of the assessment, the management of the Group determined that the recoverable amount of development costs exceeded the carrying amount by RMB34,476,000, and RMB22,452,000 as at December 31, 2022 and 2023, respectively. Accordingly, there was no impairment of development costs recognized during the Track Record Period.

In addition, the management of the Group performed the sensitivity analysis based on changes of the abovementioned key assumption. Had the estimated key assumption during the forecast period been changed as below while other assumptions remained constant, the excess of recoverable amount of development costs over the carrying amount, as at December 31, 2022 and 2023 would decrease to the amounts set out as below:

	As at December 31,	
	2022	2023
	RMB’000	RMB’000
Pre-tax discount rate increased by 5%	32,876	20,752

In the view of the directors of the Company, there is no reasonably possible change to the key assumptions applied would not lead to impairment of development costs as at December 31, 2022 and 2023.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Cost of investments	1,634,802	1,743,055	1,771,412	1,812,930

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21. DEFERRED TAX ASSETS/LIABILITIES

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	228,560	401,066	592,299	477,201
Deferred tax liabilities	(2,628)	(1,314)	—	—
	<u>225,932</u>	<u>399,752</u>	<u>592,299</u>	<u>477,201</u>

The following are the major deferred tax assets (liabilities) of the Group recognized and movements thereon during the Track Record Period:

	ECL provision	Tax losses	Share- based payments	Inventory provision	Lease liabilities	Unrealized profits	Depreciation and amortization	Right-of- use assets	Fair value adjustment arising from business combination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 . . .	100,926	—	5,206	14,690	73,052	2,362	—	(69,465)	(3,942)	122,829
Credit (charge) to profit or loss	65,755	28,334	350	7,676	437	696	(3,820)	2,361	1,314	103,103
At December 31, 2022 . .	166,681	28,334	5,556	22,366	73,489	3,058	(3,820)	(67,104)	(2,628)	225,932
Credit (charge) to profit or loss	111,798	(20,130)	11,743	52,261	5,570	11,933	1,970	(2,639)	1,314	173,820
At December 31, 2023 . .	278,479	8,204	17,299	74,627	79,059	14,991	(1,850)	(69,743)	(1,314)	399,752
Credit (charge) to profit or loss	81,861	66,528	(7,789)	61,186	11,476	(12,366)	7,544	(17,207)	1,314	192,547
At December 31, 2024 . .	360,340	74,732	9,510	135,813	90,535	2,625	5,694	(86,950)	—	592,299
(Charge) credit to profit or loss	(38,138)	(50,081)	4,273	(36,242)	30,215	(435)	3,952	(28,642)	—	(115,098)
At September 30, 2025 . .	<u>322,202</u>	<u>24,651</u>	<u>13,783</u>	<u>99,571</u>	<u>120,750</u>	<u>2,190</u>	<u>9,646</u>	<u>(115,592)</u>	<u>—</u>	<u>477,201</u>

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group had unused tax losses of approximately RMB513,088,000, RMB768,900,000, RMB1,421,029,000 and RMB1,677,147,000 respectively, available for offsetting against future profits. No deferred tax asset has been recognized in respect of tax losses of RMB324,195,000, RMB714,207,000, RMB922,818,000 and RMB1,512,811,000 due to the unpredictability of future profit streams.

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The unrecognized tax losses of the Group will be carried forward and expire in years as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2023	975	–	–	–
2024	630	630	–	–
2025	1,117	1,117	802	–
2026	3,373	1,760	1,448	–
2027	318,100	278,446	156,324	153,967
2028	–	432,254	427,453	427,453
2029	–	–	336,791	336,791
2030	–	–	–	594,600
	<u>324,195</u>	<u>714,207</u>	<u>922,818</u>	<u>1,512,811</u>

The Company

The following is the analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	<u>151,232</u>	<u>303,631</u>	<u>480,125</u>	<u>362,421</u>

The following are the major deferred tax assets (liabilities) of the Company recognized and movements thereon during the Track Record Period:

	ECL provision	Tax losses	Share- based payments	Inventory provision	Lease liabilities	Depreciation and amortization	Right-of- use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	77,331	–	5,206	11,447	72,922	–	(69,465)	97,441
Credit (charge) to profit or loss	<u>46,176</u>	<u>–</u>	<u>(456)</u>	<u>9,103</u>	<u>(8,556)</u>	<u>(2,010)</u>	<u>9,534</u>	<u>53,791</u>
At December 31, 2022	123,507	–	4,750	20,550	64,366	(2,010)	(59,931)	151,232
Credit (charge) to profit or loss	<u>87,919</u>	<u>–</u>	<u>10,070</u>	<u>50,918</u>	<u>6,452</u>	<u>330</u>	<u>(3,290)</u>	<u>152,399</u>
At December 31, 2023	211,426	–	14,820	71,468	70,818	(1,680)	(63,221)	303,631
Credit (charge) to profit or loss	<u>68,088</u>	<u>63,490</u>	<u>(6,614)</u>	<u>49,499</u>	<u>(11,758)</u>	<u>7,507</u>	<u>6,282</u>	<u>176,494</u>
At December 31, 2024	279,514	63,490	8,206	120,967	59,060	5,827	(56,939)	480,125
(Charge) credit to profit or loss	<u>(29,106)</u>	<u>(63,477)</u>	<u>3,996</u>	<u>(33,694)</u>	<u>25,386</u>	<u>3,952</u>	<u>(24,761)</u>	<u>(117,704)</u>
At September 30, 2025	<u>250,408</u>	<u>13</u>	<u>12,202</u>	<u>87,273</u>	<u>84,446</u>	<u>9,779</u>	<u>(81,700)</u>	<u>362,421</u>

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22. INVENTORIES

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
				September 30,				September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials . .	795,424	758,588	502,921	641,097	466,356	440,739	410,475	401,047
Work in progress .	4,420,398	3,768,697	4,050,507	4,720,338	3,579,474	3,120,917	3,012,352	2,619,169
Finished goods . .	5,877	38,705	–	–	–	–	–	–
Goods delivered .	7,183,702	8,641,053	9,026,593	9,501,011	6,489,823	6,137,739	7,852,017	7,509,303
Total	<u>12,405,401</u>	<u>13,207,043</u>	<u>13,580,021</u>	<u>14,862,446</u>	<u>10,535,653</u>	<u>9,699,395</u>	<u>11,274,844</u>	<u>10,529,519</u>

23. BILLS, TRADE AND OTHER RECEIVABLES

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
				September 30,				September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables								
– due from related parties (<i>note 42</i>) .	3,525,049	2,560,550	1,206,734	1,167,279	2,418,654	1,842,192	1,056,293	968,855
– due from third parties	<u>3,945,779</u>	<u>8,940,420</u>	<u>9,765,779</u>	<u>9,124,755</u>	<u>3,418,174</u>	<u>7,510,403</u>	<u>7,643,553</u>	<u>7,617,340</u>
	7,470,828	11,500,970	10,972,513	10,292,034	5,836,828	9,352,595	8,699,846	8,586,195
Less: Allowance for credit losses	<u>(1,024,555)</u>	<u>(1,752,128)</u>	<u>(2,346,389)</u>	<u>(2,127,988)</u>	<u>(760,208)</u>	<u>(1,326,016)</u>	<u>(1,815,017)</u>	<u>(1,623,195)</u>
	<u>6,446,273</u>	<u>9,748,842</u>	<u>8,626,124</u>	<u>8,164,046</u>	<u>5,076,620</u>	<u>8,026,579</u>	<u>6,884,829</u>	<u>6,963,000</u>
Bills receivables (<i>Note</i>)								
– bank acceptance bills	<u>367,711</u>	<u>637,259</u>	<u>956,233</u>	<u>564,742</u>	<u>215,620</u>	<u>520,228</u>	<u>646,402</u>	<u>444,039</u>

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	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
				September 30,				September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments and other receivables								
Prepayment to suppliers	371,266	275,470	399,732	556,153	263,262	199,984	272,850	375,380
Value added tax recoverable.	142,379	376,768	571,176	581,215	–	–	233,632	6,440
Deposits for tendering and performance . .	99,590	87,704	83,221	73,990	71,125	59,591	60,038	47,620
Amounts due from related parties – trade related (note 42).	–	–	6,981	989	–	–	4,118	620
Amounts due from related parties – non-trade related (note 42).	–	78	538	–	–	–	17	–
Amounts due from subsidiaries	–	–	–	–	1,635,507	3,473,047	4,134,610	3,684,137
Deferred issue costs	–	–	–	23,007	–	–	–	23,007
Other receivables	25,052	42,348	47,135	41,731	15,210	31,292	30,862	27,321
Less: Allowance for credit losses	(25,467)	(27,622)	(32,738)	(24,670)	(13,243)	(15,529)	(20,004)	(11,044)
	<u>612,820</u>	<u>754,746</u>	<u>1,076,045</u>	<u>1,252,415</u>	<u>1,971,861</u>	<u>3,748,385</u>	<u>4,716,123</u>	<u>4,153,481</u>
	<u>7,426,804</u>	<u>11,140,847</u>	<u>10,658,402</u>	<u>9,981,203</u>	<u>7,264,101</u>	<u>12,295,192</u>	<u>12,247,354</u>	<u>11,560,520</u>

Note: All the bills receivables of the Group were bank acceptance bills and are with a maturity period of less than one year. For bills receivables, based on the historical data and management’s analysis, the potential loss on collection of bills receivables is not material and no impairment loss is considered.

As at January 1, 2022, the Group’s and the Company’s trade receivables from contracts with customers amounted to RMB4,667,159,000 and RMB3,721,525,000, respectively.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on revenue recognition dates:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
				September 30,				September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	4,770,223	7,299,181	4,793,102	5,086,458	3,929,422	6,248,206	3,859,880	4,410,157
1 to 2 years	1,474,654	2,112,709	3,265,549	2,648,813	959,534	1,597,049	2,631,028	2,230,539
2 to 3 years	201,396	311,932	567,473	428,775	187,664	156,304	393,921	322,304
Over 3 years	–	25,020	–	–	–	25,020	–	–
	<u>6,446,273</u>	<u>9,748,842</u>	<u>8,626,124</u>	<u>8,164,046</u>	<u>5,076,620</u>	<u>8,026,579</u>	<u>6,884,829</u>	<u>6,963,000</u>

Details of impairment assessment of bills, trade and other receivables of the Group and the Company are set out in note 40.

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As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group’s and the Company’s certain bills receivables were pledged for issuance of bills payables or discounting to the banks. Details are set out in note 38.

The non-trade amounts due from related parties are unsecured, non-interest and repayable on demand. The balances were settled before the date of this report.

The carrying amounts of bills, trade and other receivables that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
United State Dollar (“US\$”).	169,184	321,448	226,134	363,903	168,150	273,147	192,265	334,263
European Dollar (“EUR”)	38,584	33,555	139,414	263,733	16,816	16,544	126,900	234,603
Japanese Yen (“JPY”).	653	–	505	9,228	653	–	505	9,228
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

24. CONTRACT ASSETS

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Retention receivables								
– due from related parties (note 42)	541,846	235,637	72,915	291,048	468,190	221,000	56,576	188,489
– due from third parties	733,661	1,413,841	690,558	605,627	530,370	1,138,291	511,740	514,267
– due from subsidiaries . . .	–	–	–	–	33,271	1,697	–	–
	<u>1,275,507</u>	<u>1,649,478</u>	<u>763,473</u>	<u>896,675</u>	<u>1,031,831</u>	<u>1,360,988</u>	<u>568,316</u>	<u>702,756</u>
Less: Allowance for credit losses. . . .	(63,775)	(82,474)	(38,174)	(44,834)	(49,928)	(67,965)	(28,416)	(35,138)
	<u>1,211,732</u>	<u>1,567,004</u>	<u>725,299</u>	<u>851,841</u>	<u>981,903</u>	<u>1,293,023</u>	<u>539,900</u>	<u>667,618</u>

As at January 1, 2022, the Group’s and the Company’s contract assets amounted to RMB841,341,000 and RMB662,674,000, respectively.

The intelligent equipment sales contracts include the terms that require certain portion of the contract value to be withheld by the customers until the expiry of the warranty period.

The Group typically agrees to a retention period for one year for 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group’s entitlement to this final payment is conditioned on the equipments not having quality issue.

The contract assets are transferred to trade receivables when the warranty obligations expire.

Details of impairment assessment of contract assets of the Group and the Company are set out in note 40.

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25. FINANCIAL ASSETS AT FVTPL

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2022	2023	2024	September 30,	2022	2023	2024	September 30,
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets mandatorily measured at FVTPL (Note i):								
– structured deposits (Note ii)	301,105	60,016	432,278	1,116,918	200,553	–	382,266	916,918

Notes:

- i. Details of the fair value measurement for financial assets at FVTPL are set out in note 40.
- ii. The structured deposits were short-term investments issued by banks and financial institutions with no predetermined or guaranteed return. These financial assets were with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets.

26. BILLS RECEIVABLES AT FVTOCI

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2022	2023	2024	September 30,	2022	2023	2024	September 30,
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Bills receivables .	1,246,961	917,790	785,988	740,770	994,558	723,888	497,515	422,921

As at December 31, 2022, 2023 and 2024 and September 30, 2025, certain bills which were held by the Group and the Company for the practice of endorsing to suppliers or discounting to banks before the bills due for payment were classified as “bills receivables at FVTOCI”. All the bills receivables are with a maturity period of less than one year.

The credit risk on bills receivables at FVTOCI is limited because the counterparties are banks with high credit-ratings assigned by credit rating agencies. In the view of the directors of the Company, the credit risk of bills receivables at FVTOCI was minimal and no impairment was provided.

Details of impairment assessment of bills receivables at FVTOCI are set out in note 40.

27. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognized in their entirety:

The Group has discounted certain bills receivables to banks or endorsed to certain suppliers for settlement of trade payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company consider the substantial risks in relation to these bills are interest risk as the credit risk arising from these bills are minimal. Upon the discount/endorsement of these bills, the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, hence the Group has derecognized these bills receivables.

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As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group’s bills receivables at FVTOCI amounted to RMB731,555,000, RMB1,045,988,000, RMB680,297,000 and RMB384,213,000, respectively, which were endorsed to certain suppliers for settlement of trade payables but not mature that are derecognized in their entirety. As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group’s bills receivables at FVTOCI amounted to RMB705,013,000, RMB1,159,568,000, RMB575,405,000 and RMB654,036,000, respectively, which were discounted to the banks but not mature that are derecognized in their entirety.

Transferred financial assets that were not derecognized in their entirety:

As at December 31, 2022, 2023 and 2024 and September 30, 2025, included in the Group’s bills receivables amounted to RMB178,204,000, RMB41,178,000, RMB330,218,000 and RMB161,784,000, respectively, which were endorsed to certain suppliers for settlement of trade payables on a full recourse basis that are not derecognized in their entirety. As the Group has not transferred the significant risks and rewards relating to the bill receivables to its suppliers upon endorsement, it continues to recognize the full carrying amount of bill receivables and trade payables from the endorsement of the bills with full recourse.

As at December 31, 2022, 2023 and 2024 and September 30, 2025, included in the Group’s bills receivables amounted to nil, RMB184,171,000, RMB82,796,000 and RMB5,489,000, respectively, which were discounted to the banks on a full recourse basis that are not derecognized in their entirety. As the Group has not transferred the substantial risks and rewards, it continues to recognize the bills receivables and has recognized the cash received on the transfer as the pledged borrowings.

28. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS/TIME DEPOSITS

The Group’s and the Company’s cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates range from 0.05% to 1.80%, 0.20% to 1.50%, 0.10% to 1.15% and 0.10% to 1.15% per annum as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

The Group’s and the Company’s restricted bank deposits consist primarily of restricted bank balances pledged to banks for issuing bills payables. All restricted bank balances are placed in major financial institutions in segregated accounts. The restricted bank deposits carried interest at market rates which range from 0.25% to 1.55%, 0.20% to 1.45%, 0.10% to 1.85% and 0.05% to 1.85% per annum as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

The Group’s and the Company’s time deposits carry interest at prevailing market rates from 3.15% to 3.99%, 3.15% to 3.99%, 3.15% to 3.40% and 1.00% to 1.20% per annum as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively, with original maturity of more than three months.

The Group’s and the Company’s cash and cash equivalents, restricted bank deposits and time deposits that are mainly denominated in currencies other than the functional currency are set out below:

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
US\$	122,166	238,448	156,658	476,717	120,077	232,133	141,756	439,144
EUR	268,271	100,320	59,527	138,437	107,205	97,951	59,527	129,318
JPY	474	31,823	5,199	26,981	474	31,823	5,199	26,981
Korean Won (“KRW”) . . .	1,815	–	1	380	1,338	–	1	380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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29. BILLS, TRADE AND OTHER PAYABLES

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables								
– due to related parties (<i>note 42</i>)	23,171	27,347	27,066	28,233	23,171	27,347	25,577	27,571
– due to third parties	4,268,568	3,870,635	3,752,519	3,923,477	3,246,808	2,927,336	2,437,516	2,545,686
	<u>4,291,739</u>	<u>3,897,982</u>	<u>3,779,585</u>	<u>3,951,710</u>	<u>3,269,979</u>	<u>2,954,683</u>	<u>2,463,093</u>	<u>2,573,257</u>
Trade payables under supplier finance arrangements	–	–	32,649	266,736	–	–	32,649	266,736
Bills payables (<i>Note</i>)	5,697,822	4,959,276	3,176,070	3,890,039	4,561,029	4,046,574	2,777,416	2,840,547
Payables for acquisition of property, plant and equipment	133,737	142,895	292,070	256,778	94,470	107,926	203,471	153,911
Payroll payables	558,009	650,099	639,254	467,048	385,201	465,449	450,402	311,725
Value added tax and other taxes payable	168,162	191,878	40,607	73,379	135,552	150,596	13,282	12,217
Amounts due to related parties – non-trade related (<i>note 42</i>)	–	11,630	11,630	–	–	11,630	11,630	–
Amounts due to subsidiaries	–	–	–	–	140,379	114,483	2,050,589	944,795
Accrued issue costs	–	–	–	6,600	–	–	–	6,600
Other payables	151,676	165,387	142,045	142,160	226,298	204,602	91,038	67,299
	<u>6,709,406</u>	<u>6,121,165</u>	<u>4,334,325</u>	<u>5,102,740</u>	<u>5,542,929</u>	<u>5,101,260</u>	<u>5,630,477</u>	<u>4,603,830</u>
	<u>11,001,145</u>	<u>10,019,147</u>	<u>8,113,910</u>	<u>9,054,450</u>	<u>8,812,908</u>	<u>8,055,943</u>	<u>8,093,570</u>	<u>7,177,087</u>

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognize these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

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The following is an aged analysis of trade payables (including supplier finance arrangements) presented based on invoice date at the end of the reporting period:

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year . . .	4,291,739	3,897,982	3,812,234	4,218,446	3,269,979	2,954,683	2,495,742	2,839,993

The non-trade amounts due to related parties are unsecured, non-interest and repayable on demand. The balances were settled before September 30, 2025.

The Group’s and the Company’s bills, trade and other payables that are denominated in currencies other than the functional currency are set out below:

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US\$	962	6,124	7,205	7,816	846	772	865	2,722
EUR	1,246	1,432	15,527	6,305	1,246	14	7,178	6,305
JPY	223	–	–	–	223	–	–	–
KRW	31	–	–	–	–	–	–	–

30. CONTRACT LIABILITIES

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of equipment								
– from related parties (note 42)	336,477	384,014	1,156,504	1,641,488	230,967	131,034	771,509	999,550
– from third parties	9,794,999	12,188,725	10,440,485	11,653,173	8,423,161	11,154,160	9,730,302	10,106,907
	10,131,476	12,572,739	11,596,989	13,294,661	8,654,128	11,285,194	10,501,811	11,106,457

Contract liabilities that are expected to be settled within the Group’s and the Company’s normal operating cycle are classified as current liabilities based on the Group’s and the Company’s earliest obligation to transfer goods to the customers.

As at January 1, 2022, the Group’s and the Company’s contract liabilities amounted to RMB3,862,928,000 and RMB3,226,794,000, respectively.

As at January 1, 2022, 2023, 2024 and 2025, the Group’s contract liabilities of RMB3,359,301,000, RMB7,662,492,000, RMB6,933,726,000 and RMB5,979,888,000 were recognized as revenue during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively.

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As at January 1, 2022, 2023, 2024 and 2025, the Company’s contract liabilities of RMB2,723,167,000, RMB6,269,922,000, RMB5,923,655,000 and RMB4,978,972,000 were recognized as revenue during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively.

31. BORROWINGS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Secured	–	184,171	82,796	5,489
Unsecured	–	–	4,180,012	3,201,035
	–	184,171	4,262,808	3,206,524
	=	=	=	=
The carrying amounts of the above borrowings are repayable:				
Within one year	–	184,171	1,786,226	823,635
Within a period of more than one year but not exceeding two years	–	–	1,172,666	1,812,437
Within a period of more than two years but not exceeding five years	–	–	1,303,916	570,452
	–	184,171	4,262,808	3,206,524
	–	–	–	–
Less: Amounts due within one year shown under current liabilities . . .	–	(184,171)	(1,786,226)	(823,635)
	–	–	–	–
Amounts shown under non-current liabilities	–	–	2,476,582	2,382,889
	=	=	=	=

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Secured	–	184,171	–	5,489
Unsecured	–	–	3,909,808	3,201,035
	–	184,171	3,909,808	3,206,524
	=	=	=	=
The carrying amounts of the above borrowings are repayable:				
Within one year	–	184,171	1,433,226	823,635
Within a period of more than one year but not exceeding two years	–	–	1,172,666	1,812,437
Within a period of more than two years but not exceeding five years	–	–	1,303,916	570,452
	–	184,171	3,909,808	3,206,524
	–	–	–	–
Less: Amounts due within one year shown under current liabilities . . .	–	(184,171)	(1,433,226)	(823,635)
	–	–	–	–
Amounts shown under non-current liabilities	–	–	2,476,582	2,382,889
	=	=	=	=

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The exposure of the Group’s and the Company’s borrowings are as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Fixed-rate borrowings	–	184,171	2,266,329	1,294,275
Variable-rate borrowings	–	–	1,996,479	1,912,249
	–	184,171	4,262,808	3,206,524
	=	=	=	=

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Fixed-rate borrowings	–	184,171	1,913,329	1,294,275
Variable-rate borrowings	–	–	1,996,479	1,912,249
	–	184,171	3,909,808	3,206,524
	=	=	=	=

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s and the Company’s borrowings are as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
Fixed-rate borrowings	N/A	0.71%~1.53%	0.76%~2.70%	0.95%~2.70%
Variable-rate borrowings	N/A	N/A	2.48%~2.70%	2.25%~2.70%

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
Fixed-rate borrowings	N/A	0.71%~1.53%	2.10%~2.70%	0.95%~2.70%
Variable-rate borrowings	N/A	N/A	2.48%~2.70%	2.25%~2.70%

The Group’s and the Company’s borrowings that are denominated in currencies other than the functional currency are set out below:

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
US\$	–	–	309,101	–	–	–	309,101	–
	=	=	=	=	=	=	=	=

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32. LEASE LIABILITIES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	133,582	162,878	150,646	137,404
Within a period of more than one year but not exceeding two years	102,261	107,520	96,926	147,413
Within a period of more than two years but not exceeding five years	204,380	202,376	175,985	262,770
Within a period of more than five years	—	—	2,822	—
	<u>440,223</u>	<u>472,774</u>	<u>426,379</u>	<u>547,587</u>
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(133,582)</u>	<u>(162,878)</u>	<u>(150,646)</u>	<u>(137,404)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>306,641</u>	<u>309,896</u>	<u>275,733</u>	<u>410,183</u>

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	123,718	155,539	149,596	137,433
Within a period of more than one year but not exceeding two years	101,921	106,961	95,038	147,413
Within a period of more than two years but not exceeding five years	203,467	197,980	175,985	262,770
Within a period of more than five years	—	—	2,822	—
	<u>429,106</u>	<u>460,480</u>	<u>423,441</u>	<u>547,616</u>
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(123,718)</u>	<u>(155,539)</u>	<u>(149,596)</u>	<u>(137,433)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>305,388</u>	<u>304,941</u>	<u>273,845</u>	<u>410,183</u>

During the Track Record Period, the incremental borrowing rates applied to lease liabilities from 2.33% to 4.60%.

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33. DEFERRED INCOME

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period . .	53,692	62,033	73,118	97,760	53,692	62,033	42,896	38,216
Received.	26,500	30,237	35,589	43,357	26,500	–	4,203	31,297
Released to profit or loss.	(18,159)	(19,152)	(10,947)	(23,498)	(18,159)	(19,137)	(8,883)	(19,608)
At the ending of the year/period .	<u>62,033</u>	<u>73,118</u>	<u>97,760</u>	<u>117,619</u>	<u>62,033</u>	<u>42,896</u>	<u>38,216</u>	<u>49,905</u>

The Group and the Company received various government grants aimed at encouraging the research and development projects or the assets acquisition. Government grants received for which related research and development expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position and recognized in the profit or loss over the period necessary to match them with the expenditures that they are intended to compensate. Government grants received related to assets are recognized in profit or loss over the expected useful lives of the relevant assets.

34. SHARE CAPITAL

	Notes	Number of ordinary shares	Nominal value of shares
		'000	RMB'000
<i>Ordinary shares of RMB1 each</i>			
Authorized and issued			
At January 1, 2022		1,563,794	1,563,794
Exercise of share schemes	i	2,406	2,406
Repurchase and cancelation of restricted shares.	ii	(37)	(37)
At December 31, 2022, 2023 and 2024 and September 30, 2024 (unaudited) and 2025		<u>1,566,163</u>	<u>1,566,163</u>

Notes:

- i. During the year ended December 31, 2022, 1,565,440 and 294,400 share options under the 2019 Share Option Scheme (defined in note 36), and 546,450 restricted shares under the 2022 RS Plan (defined in note 36) were exercised at a subscription price of RMB13.461, RMB22.75 and RMB34.93 per share, respectively, resulting in the issuance of an aggregate 2,405,890 ordinary shares of par value of RMB1 each in the Company. The aggregated cash inflows from exercise of share options and restricted shares amounted to RMB46,857,000, including an increase of RMB2,406,000 in share capital and RMB44,451,000 in share premium.
- ii. During the year ended December 31, 2022, some of the Company’s original incentive recipients resigned under the 2018 restricted share plan and lost their right to receive incentive. Therefore, the Company repurchased and canceled 37,383 restricted shares previously held by these incentive recipients with a deduction from the treasury shares of RMB296,000, including a reduction of RMB37,000 in share capital and RMB259,000 in share premium.

Pursuant to the 2018 restricted share plan, the restrictions on the registered shares were released since June 2022. Thus, the Company canceled the remaining treasury shares, which led a deduction of RMB9,143,000 in treasury shares.

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35. TREASURY SHARES

Pursuant to the resolution of board of directors held on June 12, 2023, the Company passed the proposal for a program to repurchase the Company’s shares for future shares/share options grant held under employee shareholding platforms to be transferred to individual grantees after they exercise their rights. During the years ended December 31, 2023 and 2024, 11,273,397 and 100 shares were repurchased in a total consideration of approximately RMB350,017,000 and RMB2,000, respectively. There were no shares repurchased during the nine months ended September 30, 2024 (unaudited) and 2025.

During the nine months ended September 30, 2025, the Company transferred 121,200 Type II restricted shares under 2023 RS Plan (defined in note 36) with a deduction from the treasury shares of RMB3,763,000, and received a total subscription payment of RMB1,652,000 from eligible incentive participants.

As at December 31, 2023 and 2024 and September 30, 2024 (unaudited) and 2025, the Company had 11,273,397, 11,273,497, 11,273,397 (unaudited) and 11,152,297 shares amounted to RMB350,017,000, RMB350,019,000, RMB350,017,000 (unaudited) and RMB346,256,000, respectively, were presented as “Treasury Shares” in the consolidated statement of changes in equity.

36. SHARE-BASED PAYMENT TRANSACTIONS

The Group has adopted several equity-settled share incentive plans (collectively as the “SIP”), pursuant to which the Company granted restricted shares (including Type I and Type II restricted shares) and share options, and the subsidiaries of the Group granted restricted shares, for the purpose of providing incentives to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the schemes include the Company’s directors and the Group’s employees.

Restricted share plans

The Company granted both Type I and Type II restricted shares. Type I restricted shares under the SIP are valid for a maximum of 48 months from the date of completion of registration of the grant of restricted shares to the date of release of all restricted shares or cancellation of repurchase; Type II restricted shares under the SIP are valid for a maximum of 48 months from the date of grant of restricted shares to the date of full vesting or lapsing.

Type I restricted shares refers to ordinary shares issued to the participants with certain restrictions stipulated under the SIP. On the grant date of Type I restricted shares, the participants of Type I restricted shares were entitled to receive newly issued ordinary shares of the Company or receive shares purchased by the Company from secondary market, with certain restrictions stipulated under the SIP. Type II restricted shares refers to ordinary shares granted to the participants pursuant to which ordinary shares could be newly issued or purchased by the Company from secondary market and subscribed for upon the satisfaction of the Group’s performance appraisal and individual performance appraisal under the SIP. Upon the satisfaction of certain vesting conditions under the SIP, the participants of Type II restricted shares have the right to subscribe new ordinary shares or receive shares purchased by the Company from secondary market. These granted restricted shares have a contractual term of no more than 48 months and will be released (Type I restricted shares) or vested (Type II restricted shares) 30%, 30% and 40%, respectively over a three-year period beginning 12 months after the grant date.

According to the SIP, the grant price of both Type I and Type II restricted shares would be adjusted if the Company declared cash or share dividends or transferred share premium into share capital.

On October 11, 2021, the board of directors approved 2,031,500 Type II restricted shares to 323 participants and the original vesting price was RMB35.43 per share (the “2021 RS Plan”). Since the Company declared cash dividends of RMB0.50 per share in June 2022, the grant price was then adjusted to RMB34.93 per share after June 2022. Since the Company declared cash dividends of RMB0.54 per share in June 2023, the grant price was then adjusted to RMB34.39 per share after June 2023. Since the Company declared cash dividends of RMB0.34 per share in June 2024, the grant price was then adjusted to RMB34.05 per share after June 2024. Since the Company declared cash dividends of RMB0.06 per share in June 2025, the grant price was then adjusted to RMB33.99 per share after June 2025.

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Movements in the number of 2021 RS Plan and the exercise price per share were as follows:

	Number of shares				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Outstanding at the beginning of the year/period	2,031,500	1,279,050	1,100,050	1,100,050	549,000
Exercised	(546,450)	–	–	–	–
Forfeited/lapsed	(206,000)	(179,000)	(551,050)	(109,900)	(118,000)
Outstanding at the ending of the year/period	<u>1,279,050</u>	<u>1,100,050</u>	<u>549,000</u>	<u>990,150</u>	<u>431,000</u>
	Exercise price per share				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
				<i>(unaudited)</i>	
Outstanding at the beginning of the year/period	35.43	34.93	34.39	34.39	34.05
Exercised	34.93	N/A	N/A	N/A	N/A
Forfeited/lapsed	34.93	34.39	34.05	34.05	33.99
Outstanding at the ending of the year/period	<u>34.93</u>	<u>34.39</u>	<u>34.05</u>	<u>34.05</u>	<u>33.99</u>

On October 14, 2022, the board of directors approved 6,225,700 Type II restricted shares to 1,296 participants and the original vesting price was RMB27.77 per share (the “2022 RS Plan”). Since the Company declared cash dividends of RMB0.54 per share in June 2023, the grant price was then adjusted to RMB27.23 per share after June 2023. Since the Company declared cash dividends of RMB0.34 per share in June 2024, the grant price was then adjusted to RMB26.89 per share after June 2024. Since the Company declared cash dividends of RMB0.06 per share in June 2025, the grant price was then adjusted to RMB26.83 per share after June 2025.

Movements in the number of 2022 RS Plan and the exercise price per share were as follows:

	Number of shares				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Outstanding at the beginning of the year/period	–	6,225,700	5,488,000	5,488,000	3,358,250
Granted	6,225,700	–	–	–	–
Forfeited/lapsed	–	(737,700)	(2,129,750)	(611,000)	(453,740)
Outstanding at the ending of the year/period	<u>6,225,700</u>	<u>5,488,000</u>	<u>3,358,250</u>	<u>4,877,000</u>	<u>2,904,510</u>

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	Exercise price per share				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Outstanding as at the beginning of the year/period	N/A	27.77	27.23	27.23	26.89
Granted	27.77	N/A	N/A	N/A	N/A
Forfeited/lapsed	N/A	27.23	26.89	26.89	26.83
Outstanding at the ending of the year/period	<u>27.77</u>	<u>27.23</u>	<u>26.89</u>	<u>26.89</u>	<u>26.83</u>

On October 19, 2023, the board of directors approved 875,000 Type II restricted shares to 52 participants and the original vesting price was RMB13.97 per share (the “2023 RS Plan”). Since the Company declared cash dividends of RMB0.34 per share in June 2024, the grant price was then adjusted to RMB13.63 per share after June 2024. Since the Company declared cash dividends of RMB0.06 per share in June 2025, the grant price was then adjusted to RMB13.57 per share after June 2025.

Movements in the number of 2023 RS Plan and the exercise price per share were as follows:

	Number of shares				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Outstanding at the beginning of the year/period	–	–	855,000	855,000	575,000
Granted	–	875,000	–	–	–
Exercised	–	–	–	–	(121,200)
Forfeited/lapsed	–	(20,000)	(280,000)	(210,000)	(171,000)
Outstanding at the ending of the year/period	<u>–</u>	<u>855,000</u>	<u>575,000</u>	<u>645,000</u>	<u>282,800</u>

	Exercise price per share				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Outstanding at the beginning of the year/period	N/A	N/A	13.97	13.97	13.63
Granted	N/A	13.97	N/A	N/A	N/A
Exercised	N/A	N/A	N/A	N/A	13.57
Forfeited/lapsed	N/A	13.97	13.63	13.63	13.57
Outstanding at the ending of the year/period	<u>N/A</u>	<u>13.97</u>	<u>13.63</u>	<u>13.63</u>	<u>13.57</u>

On October 22, 2024, the board of directors approved 9,110,300 Type II restricted shares to 745 participants and the original vesting price was RMB9.25 per share (the “2024 RS Plan”). Since the Company declared cash dividends of RMB0.06 per share in June 2025, the grant price was then adjusted to RMB9.19 per share after June 2025.

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Movements in the number of 2024 RS Plan and the exercise price per share were as follows:

	Number of shares				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Outstanding at the beginning of the year/period	–	–	–	–	9,039,500
Granted	–	–	9,110,300	–	–
Forfeited/lapsed	–	–	(70,800)	–	(1,322,600)
Outstanding at the ending of the year/period	–	–	9,039,500	–	7,716,900
	=	=	=	=	=

	Exercise price per share				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Outstanding at the beginning of the year/period	N/A	N/A	N/A	N/A	9.25
Granted	N/A	N/A	9.25	N/A	N/A
Forfeited/lapsed	N/A	N/A	9.25	N/A	9.19
Outstanding at the ending of the year/period	N/A	N/A	9.25	N/A	9.19
	=	=	=	=	=

The Black-Scholes option pricing model has been used to estimate the fair value of restricted shares. The variables and assumptions used in computing the fair value of restricted shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Shanghai Rongzheng Investment Consulting Co. (“上海榮正投資諮詢股份有限公司”) (Room 6288, Block D, Building 6, No. 500, Huapu Road, Qingpu District, Shanghai, China). The weighted average fair value per share for restricted shares granted during the years ended December 31, 2022, 2023 and 2024 was RMB26.17, RMB12.34 and RMB10.59, respectively. There were no restricted shares granted during the nine months ended September 30, 2024 (unaudited) and 2025.

Changes in variables and assumptions may result in changes in the fair value of restricted shares. These fair values and corresponding inputs into the model were as follows:

Restricted share plan	Closing price per share of grant date	Unadjusted grant price	Expected volatility	Expected life	Risk-free rate	Expected dividend yield
	RMB	RMB	%	years	%	%
2021 RS Plan.	70.52	35.43	24.69-25.08	3	1.5-2.75	0.92
2022 RS Plan.	52.99	27.77	25.06-26.90	3	1.5-2.75	0.20
2023 RS Plan.	25.60	13.97	18.79-20.73	3	1.5-2.75	0.01
2024 RS Plan.	19.35	9.25	25.17-31.00	3	1.5-2.75	0.00

Share option scheme

The Company adopted 2019 share option scheme (the “2019 Share Option Scheme”) pursuant to the resolutions passed on August 27, 2019.

On September 12, 2019, 2,930,000 options were granted to eligible employees with an exercise price of RMB22.80 per share. The vesting periods granted were 3 years from the grant date. According to the Group’s performance appraisal and individual performance appraisal, 30%, 30% and 40% of options would be vested respectively. Since the Company declared cash dividends of RMB0.16 per share in July 2020, the exercise price was

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then adjusted to RMB27.64 per share after July 2020. Since the Company declared cash dividends of RMB0.30 per share and transferred share premium into share capital with six new shares issued for every ten existing shares in June 2021, the exercise price was then adjusted to RMB13.96 per share after June 2021.

On August 17, 2020, 522,000 options were granted to eligible employees with an exercise price of RMB37.50 per share. The vesting periods were 2 years from the grant date. According to the Company’s performance appraisal and individual performance appraisal, 50% and 50% of options would be vested respectively. Since the Company declared cash dividends of RMB0.30 per share and transferred share premium into share capital with six new shares issued for every ten existing shares in June 2021, the exercise price was then adjusted to RMB22.75 per share after June 2021.

The Black-Scholes option pricing model has been used to estimate the fair value of share options.

During the year ended December 31, 2022, 1,565,440 and 294,400 share options were exercised at a price of RMB13.961 and RMB22.75, respectively. 74,240 share options were forfeited during the year ended December 31, 2022.

As at December 31, 2022, 2023 and 2024 and September 30, 2025, there was no remained outstanding options under the 2019 Share Option Scheme.

Share-based incentive schemes of subsidiaries

According to the resolution of board of directors held on December 12, 2022, the Company passed the Proposal on the Implementation of capital increase of the wholly-owned subsidiaries, Jiangsu Lead Technology, Jiangsu Qingdao Intelligent and Wuxi Guangdao and the introduction of employee shareholding platforms, which are controlled by Mr. Wang Yanqing, in order to optimize the governance structure of Jiangsu Lead Technology, Jiangsu Qingdao Intelligent and Wuxi Guangdao, raise funds to further develop business, stabilize and attract talents.

The Group engaged an independent qualified professional valuer, Vocation, the details of which are provided in note 18, to determine the fair values per registered capital of Jiangsu Lead Technology, Jiangsu Qingdao Intelligent and Wuxi Guangdao. The valuer reviewed the appropriateness of three basic valuation approaches (the income approach, the asset-based approach, and the market approach), factoring in the individual developmental stages of each company. In the case of Jiangsu Lead Technology, characterized by stable cash flows and established profitability, the income approach was deemed most suitable. In contrast, for Jiangsu Qingdao Intelligent and Wuxi Guangdao, currently in the research and development phase without predictable cash flows or profitability, the asset-based approach was considered to be more appropriate. Consequently, on the purchase date, the fair value per registered capital of Jiangsu Lead Technology, Jiangsu Qingdao Intelligent and Wuxi Guangdao was RMB15.05, RMB1.67 and RMB1.03, respectively. Employees enjoyed shareholder rights after they obtained the shares and could sell their shares if the five-year service period conditions were met. The management accounted for the share-based incentive schemes of subsidiaries as an equity-settled share-based payment.

During the Track Record Period, the equity-settled share-based payments expenses have been charged to the consolidated statement of profit or loss as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Share-based payments expenses					
– Restricted share plans	52,048	84,280	353	27,996	30,153
– Share-based incentive schemes of subsidiaries	–	2,895	3,474	2,606	2,606
– Share option scheme	2,953	–	–	–	–
	<u>55,001</u>	<u>87,175</u>	<u>3,827</u>	<u>30,602</u>	<u>32,759</u>
Share-based payments expenses attributable to:					
– Owner of the Company	55,001	85,091	3,053	30,109	31,209
– Non-controlling interests	–	2,084	774	493	1,550
	<u>55,001</u>	<u>87,175</u>	<u>3,827</u>	<u>30,602</u>	<u>32,759</u>

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37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to its equity holders through the optimization of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt which includes borrowings and lease liabilities, net of cash and cash equivalents and equity, comprising paid-in/share capital, reserves and retained profits.

The management of the Group review the capital structure on an ongoing basis. As part of this review, the management consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the issue of new capital, as well as the issue of new debt or the redemption of existing debt.

38. PLEDGE OF ASSETS

The following assets have been pledged to various banks for obtaining line of credit and, securing of the Group’s banking facilities or the issue of bills payables at the end of each reporting period:

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Bills receivables	47,213	235,942	82,796	8,283	–	184,171	–	–
Time deposits	–	–	–	63,525	–	–	–	63,525
Restricted bank deposits	1,698,261	1,384,077	869,269	674,804	1,321,358	1,036,064	626,684	450,674
Total	<u>1,745,474</u>	<u>1,620,019</u>	<u>952,065</u>	<u>746,612</u>	<u>1,321,358</u>	<u>1,220,235</u>	<u>626,684</u>	<u>514,199</u>

39. CAPITAL COMMITMENT

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Capital expenditures contracted for but not provided in the Historical Financial Information in respect of acquisition of property, plant and equipment.				
		<u>1,002,781</u>	<u>735,025</u>	<u>396,340</u>
				<u>253,335</u>

40. FINANCIAL INSTRUMENTS

A. Categories of financial instruments

Financial assets

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Amortized cost	13,296,866	14,285,754	14,016,688	14,432,743	11,773,233	14,642,882	15,040,932	15,468,530
Bills receivables at FVTOCI	1,246,961	917,790	785,988	740,770	994,558	723,888	497,515	422,921
Financial assets at FVTPL	301,105	60,016	432,278	1,116,918	200,553	–	382,266	916,918
Equity instrument at FVTOCI	–	–	5,000	5,000	–	–	5,000	5,000
	<u>14,844,932</u>	<u>15,263,560</u>	<u>15,239,954</u>	<u>16,295,431</u>	<u>12,968,344</u>	<u>15,366,770</u>	<u>15,925,713</u>	<u>16,813,369</u>

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Financial liabilities

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amortized cost . . .	10,274,974	9,361,341	11,696,857	11,720,547	8,292,155	7,624,069	11,539,694	10,059,669

B. Financial risk management objectives and policies

The Group’s and the Company’s major financial instruments include bills, trade and other receivables, financial assets at FVTPL, bills receivables at FVTOCI, equity instrument at FVTOCI, restricted bank deposits, time deposits, cash and cash equivalents, bills, trade and other payables and borrowings. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Currency risk

Several group entities have foreign currency sales and purchases, bank balances, trade receivables and trade payables denominated in US\$, EUR, JPY etc., which expose the Group to foreign currency risk.

The carrying amounts of the Group’s and the Company’s foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are mainly as follows:

Assets

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US\$	291,350	559,896	382,792	840,620	288,227	505,280	334,021	773,407
EUR	306,855	133,875	198,941	402,170	124,021	114,495	186,427	363,921
JPY	1,127	31,823	5,704	36,209	1,127	31,823	5,704	36,209
KRW	1,815	–	1	380	1,338	–	1	380

Liabilities

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US\$	962	6,124	316,306	7,816	846	772	309,966	2,722
EUR	1,246	1,432	15,527	6,305	1,246	14	7,178	6,305
JPY	223	–	–	–	223	–	–	–
KRW	31	–	–	–	–	–	–	–

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Sensitivity analysis

The following table details the Group’s and the Company’s sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies, the foreign currency with which the Group and the Company may have a material exposure. 5% represents management’s assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in post-tax profit for the year/period where RMB strengthens 5% against the relevant currencies. For a 5% weakening of RMB against relevant currencies, there would be an equal and opposite impact on post-tax profit for the year/period.

	The Group				The Company			
	As at December 31,			As at September 30,	As at December 31,			As at September 30,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
US\$	(12,341)	(23,535)	(2,826)	(35,394)	(12,214)	(21,442)	(1,022)	(32,754)
EUR	(12,988)	(5,629)	(7,795)	(16,824)	(5,218)	(4,865)	(7,618)	(15,199)
JPY	(38)	(1,352)	(242)	(1,539)	(38)	(1,352)	(242)	(1,539)
KRW	(76)	–	–	(16)	(57)	–	–	(16)

(b) Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to bills receivables at FVTOCI (note 26), time deposits (note 28), fixed-rate borrowings (note 31) and lease liabilities (note 32) and cash flow interest rate risk in relation to variable-rate cash and cash equivalents (note 28) and variable-rate restricted bank deposits (note 28) and variable-rate borrowings (note 31). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate borrowings are used represents management’s assessment of the reasonably possible change in interest rates. Cash and cash equivalents and restricted bank deposits are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates on variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group’s post-tax profit for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 (unaudited) and 2025 would decrease/increase by nil, nil, RMB8,485,000, RMB1,276,000 (unaudited) and RMB8,286,000, respectively.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’ counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to contract assets, bill receivables at FVTOCI, bills, trade and other receivables, restricted bank deposits, time deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets

In order to minimize the credit risk, the management has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, receivable balances are monitored on an ongoing basis. In this regard, the directors of the Company consider that the Group’s credit risk is significantly reduced.

Trade receivables and contract assets relating to debtors with known financial difficulties or significant doubt on collection are assessed individually for impairment. The management reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment loss allowance is made for irrecoverable amounts on trade receivables and contract assets. The remaining trade receivables and contract assets are grouped and collectively assessed for impairment. The provision rates are based on aging analysis for grouping of debtors that have similar loss patterns taking into consideration the historical default rates, debtors’ portfolios, economic environments, industry conditions and forward-looking information as at the end of each reporting period that is reasonable and supportable available without undue costs or effort.

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The Group has concentration of credit risk as 46.50%, 21.26%, 18.55% and 14.07% of the total trade receivables and contract assets was due from the Group’s largest customer as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. The Group has concentration of credit risk as 69.97%, 57.21%, 50.21% and 44.50% of the total trade receivables was due from the Group’s five largest customers as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

Other receivables (including amounts due from related parties/subsidiaries)

Other receivables relating to debtors with known financial difficulties or significant doubt on collection are assessed individually for impairment and the remaining is grouped and collectively assessed for impairment. The management makes periodic assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. We use the aging of other receivables to assess the impairment.

Bills receivables and bills receivables at FVTOCI

Bills receivables and bills receivables at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the year/period end.

Restricted bank deposits, time deposits and cash and cash equivalents

The credit risk on restricted bank deposits, time deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The 12m ECL on restricted bank deposits, time deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognized.

The table below detail the credit risk exposures of the Group’s financial assets which are subject to ECL assessment:

The Group											
	Notes	Internal credit rating	12-month or lifetime ECL	December 31, 2022 Gross carrying amount		December 31, 2023 Gross carrying amount		December 31, 2024 Gross carrying amount		September 30, 2025 Gross carrying amount	
				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost											
Trade receivables . . .	23	Note	Lifetime ECL (not credit-impaired)	7,448,597		11,292,132		10,672,995		10,009,832	
			Credit impaired	22,231	7,470,828	208,838	11,500,970	299,518	10,972,513	282,202	10,292,034
Contract assets . . .	24	Note	Lifetime ECL (not credit-impaired)		1,275,507		1,649,478		763,473		896,675
Bills receivables . . .	23	Low risk	12m ECL		367,711		637,259		956,233		564,742
Other receivables . . .	23	Low risk	12m ECL	110,222		115,710		116,842		102,290	
			Credit impaired	14,420	124,642	14,420	130,130	14,420	131,262	14,420	116,710
Cash and cash equivalents . . .	28	N/A	12m ECL		4,470,688		2,284,679		3,360,355		4,785,399
Restricted bank deposits	28	N/A	12m ECL		1,698,261		1,384,077		869,269		674,804
Time deposits . . .	28	N/A	12m ECL		214,758		128,389		106,183		151,712
Financial assets at FVTOCI											
Bills receivables at FVTOCI	26	N/A	12m ECL		1,246,961		917,790		785,988		740,770

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				December 31, 2022		December 31, 2023		December 31, 2024		September 30, 2025	
	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost											
Trade receivables . . .	23	Note	Lifetime ECL (not credit-impaired)	5,826,876		9,156,036		8,434,916		8,341,240	
			Credit impaired	9,952	5,836,828	196,559	9,352,595	264,930	8,699,846	244,955	8,586,195
Contract assets . . .	24	Note	Lifetime ECL (not credit-impaired)		1,031,831		1,360,988		568,316		702,756
Bills receivables . . .	23	Low risk	12m ECL		215,620		520,228		646,402		444,039
Other receivables . . .	23	Low risk	12m ECL	1,707,422		3,549,510		4,211,108		3,745,278	
			Credit impaired	14,420	1,721,842	14,420	3,563,930	14,420	4,225,528	14,420	3,759,698
Cash and cash equivalents	28	N/A	12m ECL		3,347,717		1,404,806		2,582,194		3,710,451
Restricted bank deposits	28	N/A	12m ECL		1,321,358		1,036,064		626,684		450,674
Time deposits . . .	28	N/A	12m ECL		103,319		106,804		95,299		151,712
Financial assets at FVTOCI											
Bills receivables at FVTOCI	26	N/A	12m ECL		994,558		723,888		497,515		422,921

Note: For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with known financial difficulties or significant doubt on collection, the Group determines the ECL on these items on a collective basis, grouped by the debtors’ aging.

Provision matrix — debtors’ aging

The following tables provide information about the exposure to credit risk for trade receivables and contract assets which are assessed on collective basis by using provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of RMB22,231,000, RMB208,838,000, RMB299,518,000 and RMB282,202,000 as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively were assessed individually, respectively and the loss allowances were measured as the difference between the asset’s gross amount and the present value of estimated future cash flows.

Gross carrying amount

The Group

	December 31, 2022		December 31, 2023		December 31, 2024		September 30, 2025	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		RMB'000		RMB'000		RMB'000
Within 1 year . . .	5.00%	5,021,287	5.00%	7,681,033	5.00%	4,969,665	5.00%	5,354,166
1 to 2 years . . .	20.00%	1,843,317	20.00%	2,585,359	20.00%	4,081,935	20.00%	3,311,016
2 to 3 years . . .	50.00%	402,792	50.00%	618,191	50.00%	1,134,947	50.00%	857,550
Over 3 years . . .	100.00%	181,201	100.00%	407,549	100.00%	486,448	100.00%	487,100
		<u>7,448,597</u>		<u>11,292,132</u>		<u>10,672,995</u>		<u>10,009,832</u>

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The Company

	December 31, 2022		December 31, 2023		December 31, 2024		September 30, 2025	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB,000		RMB,000		RMB,000		RMB,000
Within 1 year . .	5.00%	4,136,234	5.00%	6,574,741	5.00%	4,009,635	5.00%	4,642,271
1 to 2 years . . .	20.00%	1,199,418	20.00%	1,940,785	20.00%	3,288,785	20.00%	2,788,174
2 to 3 years . . .	50.00%	375,328	50.00%	306,936	50.00%	787,841	50.00%	644,608
Over 3 years . .	100.00%	115,896	100.00%	333,574	100.00%	348,655	100.00%	266,187
		<u>5,826,876</u>		<u>9,156,036</u>		<u>8,434,916</u>		<u>8,341,240</u>

The Group

	December 31, 2022		December 31, 2023		December 31, 2024		September 30, 2025	
	Average loss rate	Contract assets	Average loss rate	Contract assets	Average loss rate	Contract assets	Average loss rate	Contract assets
Within 1 year . .	5.00%	<u>1,275,507</u>	5.00%	<u>1,649,478</u>	5.00%	<u>763,473</u>	5.00%	<u>896,675</u>

The Company

	December 31, 2022		December 31, 2023		December 31, 2024		September 30, 2025	
	Average loss rate	Contract assets	Average loss rate	Contract assets	Average loss rate	Contract assets	Average loss rate	Contract assets
		RMB,000		RMB,000		RMB,000		RMB,000
Within 1 year . .	5.00%	<u>998,560</u>	5.00%	<u>1,359,291</u>	5.00%	<u>568,316</u>	5.00%	<u>702,756</u>

The following table shows the movement in lifetime ECL that has been recognized for trade receivables and contract assets under the simplified approach.

The Group

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2022	586,334	66,410	652,744
– Impairment losses recognized, net of reversal	481,045	(13,203)	467,842
– Write-offs	(658)	(31,763)	(32,421)
– Transfer	(787)	787	–
Exchange adjustments	165	–	165
As at December 31, 2022	<u>1,066,099</u>	<u>22,231</u>	<u>1,088,330</u>
– Impairment losses recognized, net of reversal	747,793	410	748,203
– Write-offs	(2,017)	–	(2,017)
– Transfer	(111,718)	111,718	–
Exchange adjustments	86	–	86
As at December 31, 2023	<u>1,700,243</u>	<u>134,359</u>	<u>1,834,602</u>
– Impairment losses recognized, net of reversal	476,819	73,064	549,883
– Transfer	(20,174)	20,174	–
Exchange adjustments	78	–	78
As at December 31, 2024	<u>2,156,966</u>	<u>227,597</u>	<u>2,384,563</u>
– Impairment losses recognized, net of reversal	(266,268)	54,101	(212,167)
– Transfer	(78)	78	–
Exchange adjustments	–	426	426
As at September 30, 2025	<u>1,890,620</u>	<u>282,202</u>	<u>2,172,822</u>

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The Company

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2022	457,338	49,431	506,769
– Impairment losses recognized, net of reversal	342,846	(7,716)	335,130
– Write-offs	–	(31,763)	(31,763)
As at December 31, 2022	800,184	9,952	810,136
– Impairment losses recognized, net of reversal	585,452	410	585,862
– Write-offs	(2,017)	–	(2,017)
– Transfer	(111,718)	111,718	–
As at December 31, 2023	1,271,901	122,080	1,393,981
– Impairment losses recognized, net of reversal	377,503	71,949	449,452
– Transfer	(20,174)	20,174	–
As at December 31, 2024	1,629,230	214,203	1,843,433
– Impairment losses recognized, net of reversal	(215,852)	30,752	(185,100)
As at September 30, 2025	1,413,378	244,955	1,658,333

The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the Group provided impairment allowance of RMB481,045,000, RMB747,793,000 and RMB476,819,000, and reversed impairment allowance of RMB266,268,000, respectively based on collective assessment. The Group reversed impairment allowance of RMB13,203,000, recognized impairment allowance of RMB410,000, RMB73,064,000 and RMB54,101,000, respectively with credit-impaired debtors during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025.

During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the Company provided impairment allowance of RMB342,846,000, RMB585,452,000 and RMB377,503,000, and reversed impairment allowance of RMB215,852,000, respectively based on collective assessment. The Company reversed impairment allowance of RMB7,716,000, and recognized impairment allowance of RMB410,000, RMB71,949,000 and RMB30,752,000, respectively with credit-impaired debtors during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025.

Liquidity Risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants.

The Group entered into supplier finance arrangements to ease access to credit for its suppliers and facilitate early settlement to the suppliers. Only small portion of the Group’s trade payables is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in note 29.

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The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

The Group

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	over 5 years	Total undiscounted balances	Carrying amounts
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022							
Bills, trade and other payables	–	10,274,974	–	–	–	10,274,974	10,274,974
Lease liabilities	4.50%	164,387	103,847	212,871	–	481,105	440,223
		<u>10,439,361</u>	<u>103,847</u>	<u>212,871</u>	<u>–</u>	<u>10,756,079</u>	<u>10,715,197</u>
At December 31, 2023							
Bills, trade and other payables	–	9,177,170	–	–	–	9,177,170	9,177,170
Borrowings	0.77%	184,171	–	–	–	184,171	184,171
Lease liabilities	4.43%	174,251	123,718	210,506	–	508,475	472,774
		<u>9,535,592</u>	<u>123,718</u>	<u>210,506</u>	<u>–</u>	<u>9,869,816</u>	<u>9,834,115</u>
At December 31, 2024							
Bills, trade and other payables	–	7,434,049	–	–	–	7,434,049	7,434,049
Borrowings	2.53%	1,867,032	1,229,387	1,319,848	–	4,416,267	4,262,808
Lease liabilities	4.14%	167,290	106,451	183,018	2,978	459,737	426,379
		<u>9,468,371</u>	<u>1,335,838</u>	<u>1,502,866</u>	<u>2,978</u>	<u>12,310,053</u>	<u>12,123,236</u>
At September 30, 2025							
Bills, trade and other payables	–	8,514,023	–	–	–	8,514,023	8,514,023
Borrowings	2.40%	867,006	1,847,029	607,040	–	3,321,075	3,206,524
Lease liabilities	3.95%	153,052	157,755	269,413	–	580,220	547,587
		<u>9,534,081</u>	<u>2,004,784</u>	<u>876,453</u>	<u>–</u>	<u>12,415,318</u>	<u>12,268,134</u>

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The Company

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	over 5 years	Total undiscounted balances	Carrying amounts
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022							
Bills, trade and other payables .	–	8,292,155	–	–	–	8,292,155	8,292,155
Lease liabilities	4.50%	160,682	101,057	207,151	–	468,890	429,106
		<u>8,452,837</u>	<u>101,057</u>	<u>207,151</u>	<u>–</u>	<u>8,761,045</u>	<u>8,721,261</u>
At December 31, 2023							
Bill, trade and other payables .	–	7,439,898	–	–	–	7,439,898	7,439,898
Borrowings	0.77%	184,171	–	–	–	184,171	184,171
Lease liabilities	4.43%	170,286	120,266	204,633	–	495,185	460,480
		<u>7,794,355</u>	<u>120,266</u>	<u>204,633</u>	<u>–</u>	<u>8,119,254</u>	<u>8,084,549</u>
At December 31, 2024							
Bills, trade and other payables .	–	7,629,886	–	–	–	7,629,886	7,629,886
Borrowings	2.57%	1,510,239	1,229,387	1,319,848	–	4,059,474	3,909,808
Lease liabilities	4.14%	163,385	104,523	183,018	2,978	453,904	423,441
		<u>9,303,510</u>	<u>1,333,910</u>	<u>1,502,866</u>	<u>2,978</u>	<u>12,143,264</u>	<u>11,963,135</u>
At September 30, 2025							
Bills, trade and other payables .	–	6,853,145	–	–	–	6,853,145	6,853,145
Borrowings	2.40%	867,006	1,847,029	607,040	–	3,321,075	3,206,524
Lease liabilities	3.95%	153,082	157,755	269,413	–	580,250	547,616
		<u>7,873,233</u>	<u>2,004,784</u>	<u>876,453</u>	<u>–</u>	<u>10,754,470</u>	<u>10,607,285</u>

C. Fair value of financial instruments

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. The directors of the Company are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

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Fair value of the financial assets that are measured at fair value on a recurring basis

Some of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
	At December 31,			At September 30,				
	2022	2023	2024	2025				
	RMB'000	RMB'000	RMB'000	RMB'000				
Bills receivables at FVTOCI . . .	1,246,961	917,790	785,988	740,770	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market	N/A	N/A
Financial assets at FVTPL: – Structured deposits. . . .	301,105	60,016	432,278	1,116,918	Level 3	Discounted cash flow method was used/expected return rate	Expected return rates from 0.65% to 2.90%	The higher the expected return, the higher the fair value, vice versa ^(Note)
Equity instrument at FVTOCI . . .	-	-	5,000	5,000	Level 2	Recent transaction price	N/A	N/A

Note: The structured deposits has been estimated using discounted cash flow method based on the expected rate of return. As at December 31, 2022, 2023 and 2024 and September 30, 2025, if the estimated rate of return had been 5% higher/lower and the other variables were held constant, the total carrying amounts of structured deposits would increase/decrease by RMB28,000, RMB1,000, RMB14,000 and RMB48,000, respectively.

There were no transfers between Level 1 and 2 during the Track Record Period.

Reconciliation of Level 3 fair value measurements of financial assets

The following table presents the reconciliation of Level 3 measurements during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
At the beginning of the year/period	3,188,232	301,105	60,016	60,016	432,278
Purchases	9,351,000	2,590,000	1,942,000	910,000	8,185,000
Redemptions	(12,277,574)	(2,839,682)	(1,572,824)	(771,490)	(7,517,266)
Gains in profit or loss	39,447	8,593	3,086	1,474	16,906
At the end of the year/period	301,105	60,016	432,278	200,000	1,116,918

Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group’s and the Company’s financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

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41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cash flow will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	Accrued issue costs	Dividend payable	Other payables	Borrowings	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2022	–	–	9,439	33,000	525,100	567,539
Financing cash flows	–	(781,878)	(296)	140,075	(210,540)	(852,639)
New leases entered	–	–	–	–	114,507	114,507
Interest expenses	–	–	–	607	19,533	20,140
Dividend declared	–	781,878	–	–	–	781,878
Termination of lease agreements	–	–	–	–	(8,377)	(8,377)
Treasury shares canceled under share incentive plan	–	–	(9,143)	–	–	(9,143)
Derecognition of discounted bills receivables	–	–	–	(173,682)	–	(173,682)
At December 31, 2022	–	–	–	–	440,223	440,223
Financing cash flows	–	(841,030)	–	188,587	(194,606)	(847,049)
New leases entered	–	–	–	–	210,298	210,298
Interest expenses	–	–	–	490	19,718	20,208
Dividend declared	–	841,030	–	–	–	841,030
Termination of lease agreements	–	–	–	–	(2,859)	(2,859)
Derecognition of discounted bills receivables	–	–	–	(4,906)	–	(4,906)
At December 31, 2023	–	–	–	184,171	472,774	656,945
Financing cash flows	–	(533,327)	–	4,538,530	(157,647)	3,847,556
New leases entered	–	–	–	–	96,559	96,559
Interest expenses	–	–	–	43,634	18,553	62,187
Dividend declared	–	533,327	–	–	–	533,327
Termination of lease agreements	–	–	–	–	(3,900)	(3,900)
Derecognition of discounted bills receivables	–	–	–	(509,382)	–	(509,382)
Exchange adjustments	–	–	–	5,855	40	5,895
At December 31, 2024	–	–	–	4,262,808	426,379	4,689,187
Financing cash flows	(16,407)	(87,081)	–	(1,060,270)	(166,265)	(1,330,023)
New leases entered	–	–	–	–	292,915	292,915
Interest expenses	–	–	–	86,248	13,291	99,539
Dividend declared	–	87,081	–	–	–	87,081
Deferred issue costs	23,007	–	–	–	–	23,007
Termination of lease agreements	–	–	–	–	(18,733)	(18,733)
Derecognition of discounted bills receivables	–	–	–	(82,796)	–	(82,796)
Exchange adjustments	–	–	–	534	–	534
At September 30, 2025	6,600	–	–	3,206,524	547,587	3,760,711

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	Accrued issue costs	Dividend payable	Other payables	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>						
At January 1, 2024	–	–	–	184,171	472,774	656,945
Financing cash flows	–	(533,327)	–	3,614,251	(105,374)	2,975,550
New leases entered	–	–	–	–	33,800	33,800
Interest expenses	–	–	–	18,922	13,953	32,875
Dividend declared	–	533,327	–	–	–	533,327
Termination of lease agreements	–	–	–	–	(2,402)	(2,402)
Derecognition of discounted bills receivables	–	–	–	(496,225)	–	(496,225)
At September 30, 2024	–	–	–	3,321,119	412,751	3,733,870
	=	=	=	=	=	=

B. Information of supplier finance arrangements

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangements				
Presented as part of “Trade and other payables”	–	–	32,649	266,736
– Of which suppliers have already received payment from the finance provider	–	–	18,537	159,945
Range of payment due dates				
For liabilities presented as part of “Trade and other payables”				
– Liabilities that are part of supplier finance arrangements	N/A	N/A	60 to 180 days	60 to 180 days
– Comparable trade payables that are not part of supplier finance arrangements .	N/A	N/A	60 to 180 days	60 to 180 days

42. RELATED PARTY DISCLOSURES

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

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(i) Names and relationships with related parties

The following companies are related parties of the Group that had transactions and/or balances with the Group during the Track Record Period:

Name of related parties	Relationships
Lhasa Xindao Venture Investment Co., Ltd. (拉薩欣導創業投資有限公司) (“Lhasa Xindao”). . .	Largest shareholder of the Company
Contemporary Amperex Technology Co., Limited and its subsidiaries (寧德時代新能源科技股份有 限公司及其控股子公司) (“CATL and its subsidiaries”)	Shareholder owns more than 5% of the Company’s issued share capital
Wuxi Junhua Property Management Co., Ltd. (無錫 君華物業管理有限公司) (“Wuxi Junhua”).	Controlled by the ultimate controlling person of the Company
Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太資訊科技有限公司) (“Jiangsu Hengyuntai”)	Controlled by the ultimate controlling person of the Company
Wuxi Haolian Management Consulting Partnership (Limited Partnership) (無錫皓聯管理諮詢合夥企 業(有限合夥)) (“Haolian Partnership”)	Controlled by the ultimate controlling person of the Company
Wuxi Haoce Management Consulting Partnership (Limited Partnership) (無錫皓策管理諮詢合夥企 業(有限合夥)) (“Haoce Partnership”)	Controlled by the ultimate controlling person of the Company
Wuxi Haozhi Management Consulting Partnership (Limited Partnership) (無錫皓之管理諮詢合夥企 業(有限合夥)) (“Haozhi Partnership”)	Controlled by the ultimate controlling person of the Company
Wuxi Haoying Management Consulting Partnership (Limited Partnership) (無錫皓盈管理諮詢合夥企 業(有限合夥)) (“Haoying Partnership”)	Controlled by the ultimate controlling person of the Company
Wuxi Haona Management Consulting Partnership (Limited Partnership) (無錫皓納管理諮詢合夥企 業(有限合夥)) (“Haona Partnership”)	Controlled by the ultimate controlling person of the Company
Wuxi Haoya Management Consulting Partnership (Limited Partnership) (無錫皓亞管理諮詢合夥企 業(有限合夥)) (“Haoya Partnership”)	Controlled by the ultimate controlling person of the Company
Lead Holdings Group Co., Ltd. (先導控股集團有限 公司) (“Lead Group”)	Controlled by the ultimate controlling person of the Company
Jiangsu Yuanfu Semiconductor Technology Co., Ltd. (江蘇元夫半導體科技有限公司) (“Jiangsu Yuanfu”)	Controlled by the ultimate controlling person of the Company
Wuxi Aozhi Enterprise Management Co., Ltd. (無錫遨智企業管理有限公司) (“Wuxi Aozhi”) . .	Controlled by the ultimate controlling person of the Company
Wuxi Aochuang Enterprise Management Co., Ltd. (無錫遨創企業管理有限公司) (“Wuxi Aochuang”)	Controlled by the ultimate controlling person of the Company
Wuxi Aoyun Enterprise Management Co., Ltd. (無錫遨雲企業管理有限公司) (“Wuxi Aoyun”) . .	Controlled by the ultimate controlling person of the Company

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(ii) Transactions with related parties

The Group had the following transactions with related parties during the Track Record Period:

Name of related parties	Nature of transactions	Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CATL and its subsidiaries	Sales of products	5,545,754	2,539,654	988,660	808,762	2,828,975
	Expenses relating to leases of low-value assets	703	214	—	—	—
		<u>5,546,457</u>	<u>2,539,868</u>	<u>988,660</u>	<u>808,762</u>	<u>2,828,975</u>
Jiangsu Yuanfu	Sales of products	—	—	4,840	—	412
	Net gains on disposals of machinery and equipment	—	—	214	—	—
		<u>—</u>	<u>—</u>	<u>5,054</u>	<u>—</u>	<u>412</u>
Wuxi Junhua	Property management expenses	—	30,873	52,322	35,172	59,015
	Interest expenses on lease liabilities	—	—	15,814	10,780	9,673
		<u>—</u>	<u>30,873</u>	<u>68,136</u>	<u>45,952</u>	<u>68,688</u>
Lhasa Xindao	Interest expenses on lease liabilities	16,185	16,160	—	—	—
Lead Group	Interest expenses on lease liabilities	—	—	138	—	54
Wuxi Aozhi	Short-term lease expenses	—	—	—	—	2,284
	Interest expenses on lease liabilities	—	—	—	—	441
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,725</u>
Wuxi Aochuang	Short-term lease expenses	—	—	—	—	3,214
	Interest expenses on lease liabilities	—	—	—	—	646
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,860</u>
Wuxi Aoyun	Interest expenses on lease liabilities	—	—	—	—	1,532
Jiangsu Hengyuntai	Purchases of goods and services	5,916	24,520	18,099	11,167	10,595
Haolian Partnership	Advances to related parties	—	15	—	—	—
Haoce Partnership	Advances to related parties	—	12	—	—	—
Haozhi Partnership	Advances to related parties	—	12	—	—	—
Haoying Partnership	Advances to related parties	—	13	—	—	—
Haona Partnership	Advances to related parties	—	13	—	—	—
Haoya Partnership	Advances to related parties	—	13	—	—	—
		<u>—</u>	<u>13</u>	<u>—</u>	<u>—</u>	<u>—</u>

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(iii) Balances with related parties

The Group had the following balances with related parties as at December 31, 2022, 2023 and 2024 and September 30, 2025:

Name of related parties	Nature of balances	As at December 31,			As at September 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<i>Amounts due from related parties – trade related</i>					
CATL and its subsidiaries . . .	Trade receivables	3,525,049	2,560,550	1,201,323	1,163,319
	Less: Allowance for credit losses	(351,897)	(377,158)	(183,769)	(166,338)
		<u>3,173,152</u>	<u>2,183,392</u>	<u>1,017,554</u>	<u>996,981</u>
CATL and its subsidiaries . . .	Contract assets	541,846	235,637	72,688	291,048
	Less: Allowance for credit losses	(27,092)	(11,782)	(3,634)	(14,552)
		<u>514,754</u>	<u>223,855</u>	<u>69,054</u>	<u>276,496</u>
Jiangsu Yuanfu.	Trade receivables	–	–	5,411	3,960
	Less: Allowance for credit losses	–	–	(271)	(199)
		<u>–</u>	<u>–</u>	<u>5,140</u>	<u>3,761</u>
Jiangsu Yuanfu.	Contract assets	–	–	227	–
	Less: Allowance for credit losses	–	–	(11)	–
		<u>–</u>	<u>–</u>	<u>216</u>	<u>–</u>
Wuxi Aozhi.	Other receivables	–	–	132	412
	Less: Allowance for credit losses	–	–	(6)	(20)
		<u>–</u>	<u>–</u>	<u>126</u>	<u>392</u>
Wuxi Aochuang	Other receivables	–	–	236	577
	Less: Allowance for credit losses	–	–	(12)	(29)
		<u>–</u>	<u>–</u>	<u>224</u>	<u>548</u>
Wuxi Aozhi.	Prepayment for short-term lease	–	–	2,769	–
Wuxi Aochuang	Prepayment for short term lease	–	–	3,844	–
		<u>–</u>	<u>–</u>	<u>3,844</u>	<u>–</u>
<i>Amounts due from related parties – non-trade related</i>					
Jiangsu Yuanfu.	Other receivables	–	–	538	–
	Less: Allowance for credit losses	–	–	(27)	–
		<u>–</u>	<u>–</u>	<u>511</u>	<u>–</u>
Haolian Partnership.	Other receivables	–	15	–	–
Haoce Partnership.	Other receivables	–	12	–	–
Haozhi Partnership	Other receivables	–	12	–	–
Haoying Partnership	Other receivables	–	13	–	–
Haona Partnership.	Other receivables	–	13	–	–
Haoya Partnership.	Other receivables	–	13	–	–

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Name of related parties	Nature of balances	As at December 31,			As at September 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<i>Amounts due to related parties – trade related</i>					
Jiangsu Hengyuntai	Trade payables	11,225	15,139	11,058	10,927
CATL and its subsidiaries . .	Trade payables	11,946	12,188	12,188	12,188
Wuxi Junhua	Trade payables	–	20	3,820	5,118
		<u>23,171</u>	<u>27,347</u>	<u>27,066</u>	<u>28,233</u>
CATL and its subsidiaries . .	Contract liabilities	<u>336,477</u>	<u>384,014</u>	<u>1,156,504</u>	<u>1,641,488</u>
<i>Amounts due to related parties – non-trade related</i>					
Lhasa Xindao	Other payables	<u>–</u>	<u>11,630</u>	<u>11,630</u>	<u>–</u>
<i>Lease liabilities</i>					
Lhasa Xindao	Lease liabilities	376,628	375,412	–	–
Wuxi Junhua	Lease liabilities	–	–	355,783	269,317
Lead Group.	Lease liabilities	–	–	6,007	–
Wuxi Aozhi	Lease liabilities				
	(Note)	–	–	–	42,502
Wuxi Aochuang	Lease liabilities				
	(Note)	–	–	–	62,332
Wuxi Aoyun	Lease liabilities				
	(Note)	–	–	–	147,779

Note: During the nine months ended September 30, 2025, the Group entered into several new lease agreements for the use of leased properties with Wuxi Aozhi, Wuxi Aochuang and Wuxi Aoyun. Except for short term lease in which the Group applied recognition exemption, the Group has recognized additions of right-of-use assets and lease liabilities, each of equal amounts as follows: RMB48,952,000, RMB71,391,000 and RMB170,206,000, respectively.

The balances of trade nature are unsecured, non-interest bearing. Details of aging are set out in notes 23 and 29.

The balances of non-trade nature are unsecured, non-interest bearing, repayable on demand and with aging within 12 months. The balances were settled as at September 30, 2025.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period were as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits	7,736	11,126	11,828	7,649	10,748
Retirement benefit scheme contributions . . .	297	534	856	557	651
Equity-settled share-based payment expenses .	310	1,313	241	655	1,080
	<u>8,343</u>	<u>12,973</u>	<u>12,925</u>	<u>8,861</u>	<u>12,479</u>

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43. PARTICULARS OF SUBSIDIARY OF THE COMPANY

Particulars of the Company’s principal subsidiaries as at December 31, 2022, 2023 and 2024 and September 30, 2025 and the date of this report are as follows:

Name of subsidiary	Place/country and date of establishment/ incorporation	Registered capital	Equity interest attributable to owners of the Company as at				Date of this report	Principal activities
			December 31,			September 30,		
			2022	2023	2024	2025		
			%	%	%	%	%	
Zhuhai Titan (<i>Note ii</i>)	PRC February 24, 2014	RMB20,000,000	100	100	100	100	[100]	Manufacturing and sale of specialised equipment
Jiangsu Qingdao Intelligent (<i>Note iii</i>)	PRC December 14, 2020	RMB24,477,000	100	81.71	81.71	81.71	[81.71]	Manufacturing and sale of specialised equipment
Jiangsu Lead Technology (<i>Note iii</i>)	PRC December 17, 2020	RMB24,542,500	100	81.49	81.49	81.49	[81.49]	Manufacturing and sale of specialised equipment
Wuxi Guangdao (<i>Note iv</i>)	PRC December 14, 2020	RMB24,225,700	100	82.56	82.56	82.56	[82.56]	Manufacturing and sale of specialised equipment
Guangdong Beidao (<i>Note iii</i>)	PRC December 17, 2020	RMB15,000,000	100	100	100	100	[100]	Manufacturing and sale of specialised equipment
Jiangsu Andao Intelligent Equipment Co., Ltd. (<i>Note iv</i>)	PRC December 25, 2020	RMB20,000,000	99	99	99	99	[99]	Providing equipment installation and maintenance services
Shanghai Lead Huineng (<i>Note iv</i>)	PRC March 9, 2021	RMB15,000,000	100	100	100	100	[100]	Research and development services
Lead Intelligent Equipment (Deutschland) GmbH (<i>Note iv</i>)	Germany March 22, 2021	EUR25,000,000	100	100	100	100	[100]	Manufacturing and sale of specialised equipment

Notes:

- The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.
- The statutory financial statements of Zhuhai Titan for each of the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by 天職會計師事務所(特殊普通合夥), a certified public accountant registered in the PRC.
- The statutory financial statements of these subsidiaries for the year ended December 31, 2024 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by 天職會計師事務所(特殊普通合夥), a certified public accountant registered in the PRC.
- No statutory financial statements of these subsidiaries for each of the years ended December 31, 2022, 2023 and 2024 as there are no statutory audit requirements.

44. SUBSEQUENT EVENTS

[Save as elsewhere disclosed in this Historical Financial Information, there are no other material subsequent events undertaken by the Group after September 30, 2025 and up to the date of issuance of this Historical Financial Information.]

45. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to September 30, 2025 and up to the date of this report.]

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 IIA

[REDACTED]

[REDACTED]

APPENDIX IIA

[REDACTED]

[REDACTED]

APPENDIX IIA

[REDACTED]

[REDACTED]

APPENDIX IIA

[REDACTED]

[REDACTED]

APPENDIX IIA

[REDACTED]

[REDACTED]

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TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an [REDACTED] in the H shares, nor does it take into account the specific circumstances of any particular [REDACTED], some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of an [REDACTED] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax (VAT), stamp duty and estate duty. Prospective [REDACTED] are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation In mainland China

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules 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》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the SAT and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for more than one year, the income from dividends and bonuses shall be temporarily exempt from individual income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for not more than one month, the income from dividends and bonuses shall be included in the taxable income in full amount; or if the individual holds the stocks for more than one month but not more than one year, the income from dividends and bonuses shall be temporarily included in the taxable income at the reduced rate of 50%. Individual income tax on the aforesaid income shall be calculated and collected at the uniform rate of 20%.

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Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income”), executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於〈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》) (the “Fifth Protocol”), issued by the SAT and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules 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》) (the “Implementation Regulations of the EIT Law”), amended by the State Council and effective on 23 April 2019, where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay 10% enterprise income tax on the portion of its income sourced from inside China, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong. The aforesaid tax payable on the income derived by a non-resident enterprise, shall be withheld at source, with the payer of the income serving as the withholding agent. When making such payment or when such payment is due, the withholding agent shall withhold the income tax from such payment. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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》) issued by the State Administration of Taxation and effective on 6 November 2008, Where a Chinese resident enterprise pays dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises, it shall withhold the enterprise income tax thereon at the uniform rate of 10%. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other 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複》) promulgated by the State Administration of Taxation and effective 24 July 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

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According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty 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' verification.

Tax related to equity transfer income

Individual Investors

Under the IIT Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from 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》), which was promulgated by the MOF and the SAT and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. Although the IIT Law and its implementation rules have not stated whether it will continue exempting individual income tax on income of individuals from transfer of listed shares, the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from 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》) (the "Notice") promulgated jointly by the MOF, the SAT and the CSRC on 31 December 2009 and implemented on the same day, the Notice of State Taxation Administration of the PRC on Issues Relating to Levying and Payment of Individual Income Tax on Income from Transfer of Moratorium Shares (《國家稅務總局關於限售股轉讓所得個人所得稅徵繳有關問題的通知》) promulgated by the State Taxation Administration of the PRC on 18 January 2010 and effective from 18 January 2010 and the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from 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補充通知》) promulgated by the MOF, the SAT of the PRC and China Securities Regulatory Commission on 10 November 2010 and effective from 10 November 2010, states that individuals' income from transfer of listed shares on certain domestic stock exchanges

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(including Shenzhen Stock Exchange) shall continue being exempting from individual income tax, except for the shares subject to sales restriction. As at the date of this Document, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of the PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

Under the EIT Law and its implementation rules, where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay 10% enterprise income tax on the portion of its income sourced from inside China, including gains derived from the disposal of shares in a PRC resident enterprise. The aforesaid tax payable on the income derived by a non-resident enterprise, shall be withheld at source, with the payer of the income serving as the withholding agent. When making such payment or when such payment is due, the withholding agent shall withhold the income tax from such payment. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 5 November 2016 and effective on 5 December 2016, mainland enterprise investors' income from the price differences of investment in stocks listed on the SEHK through the Shenzhen-Hong Kong Stock Connect shall be included into the total income and corporate income tax shall be calculated and levied according to the law. For dividends and bonuses obtained by individual mainland investors from the investment in H shares listed on the SEHK through the Shenzhen-Hong Kong Stock Connect, enterprises of H shares shall file applications with China Securities Depository and Clearing Corporation Limited (“CSDC”) to obtain the register of individual mainland investors and withhold individual income tax at the tax rate of 20%.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the MOF, the SAT and the CSRC on 4 December 2019 and effective on 5 December 2019, and the Announcement on Extension of the Individual Income Tax Policy With Respect to Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Exchange Connectivity Mechanisms as well as Mutual Recognition of Funds between the Chinese Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated and implemented on 21

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August 2023, and the Announcement on Continued Implementation of Relevant Preferential Individual Income Tax Policies (《關於延續實施有關個人所得稅優惠政策的公告》) promulgated and effective on 16 January 2023, the income of Chinese mainland individual investors, obtained as price difference of transferring, from investing in stocks listed on the Stock Exchange of Hong Kong Limited through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, as well as from trading shares of Hong Kong funds through the Mutual Recognition of Funds, may be temporarily exempt from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect, mainland enterprise investors’ income from the dividends and bonuses of the investment in stocks listed on the SEHK through the Shenzhen-Hong Kong Stock Connect shall be included into the total income and individual income tax shall be calculated and levied according to the law. Income of mainland resident enterprises obtained from the dividends and bonuses by holding H shares for over twelve months consecutively shall be exempted from enterprise income tax according to the law. Enterprises of H shares shall not withhold income tax of dividends and bonuses for mainland enterprise investors. The taxes payable shall be declared and paid by enterprises on their own.

Stamp Duty

According to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) (the “Stamp Tax Law”), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Tax Law.

Estate duty

According to PRC law, no estate duty is currently levied in the mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, within the PRC, enterprises, and other organizations which derive income (hereinafter referred to collectively as “enterprises”), shall be taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with provisions of this Law. The rate of enterprise income tax shall be 25%.

Enterprises are categorized into resident enterprises and non-resident enterprises. Where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China, but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay enterprise income tax on the portion of its income sourced from inside China. The aforesaid tax payable on the income derived by a non-resident enterprise, shall be withheld at source, with the payer of the income serving as the withholding

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agent. When making such payment or when such payment is due, the withholding agent shall withhold the income tax from such payment. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) amended by the State Council and effective on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) amended by the MOF on 28 October 2011 and effective on 1 November 2011, entities and individuals engaging, within the territory of the PRC, in the sale of goods, supply of labor services in processing, repairing and maintenance (hereinafter referred to as "labor services"), sale of services, intangible assets and immovable properties, and importation of goods are taxpayers of VAT and shall be subject to VAT. VAT rate is set at 17 percent for the sale of goods, supply of labor services, leasing services of tangible movable property and importation of goods, unless otherwise specified in the aforesaid regulations. On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which will become effective on January 1, 2026, and the Interim Regulations on Value-added Tax of the PRC will be abolished.

According to Circular on Adjustment of VAT Rate (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the SAT on 4 April 2018 and effective as of 1 May 2018, in the case of VAT taxable sales or goods import by taxpayer, the original tax rates of 17% and 11% shall be adjusted to 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the tax rate of 16% applicable to the VAT taxable sale or import of goods by a general VAT taxpayer shall be adjusted to 13%; and the tax rate of 10% applicable thereto shall be adjusted to 9%.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. The foreign exchange income under the current items may be reserved or sold to financial institutions operating the foreign exchange sale or settlement business. Before reserving the foreign exchange income under the capital items or

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selling it to any financial institution operating the foreign exchange sale or settlement business, the approval of the competent foreign exchange administrative organ shall be obtained, unless it is otherwise provided by the state.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the SAFE on Issues concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and effective on 26 December 2014, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as “domestic companies”) listed overseas are as follows:

- (i) The SAFE, its branch offices, and foreign exchange administration departments (hereinafter referred to as “foreign exchange authorities”) shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conducts involved in overseas listing.
- (ii) A domestic company shall, within 15 working days from the date of end of its overseas listing, handle registration formalities for overseas listing at the foreign exchange authority at its place of registration (hereinafter referred to as “local foreign exchange authority”) upon the strength of the relevant materials.

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- (iii) After a domestic company gets listed overseas, if any of its domestic shareholders intend to increase or decrease overseas shares, the domestic shareholder shall handle overseas shareholding registration formalities with the local foreign exchange authority upon the strength of the relevant materials within twenty working days prior to the intended share increase or decrease.
- (iv) A domestic company (excluding banking financial institutions) shall, upon the strength of its overseas listing registration certificate, open a “special foreign exchange account of a domestic company exclusively for overseas listing” at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and effective on 1 June 2015, the SAFE has canceled the confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment (hereinafter collectively referred to as “foreign exchange registration of direct investment”) pursuant to this notice and Operating Guidelines for Foreign Exchange Business in Direct Investment, and 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 of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on 9 June 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 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%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview” in this document.

I. THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the “Constitution”), and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People’s Republic of China (《中華人民共和國立法法》) (the “Legislation Law”), which was amended by the NPC on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and revise basic laws governing criminal offenses, civil matters, state institutions and other matters. The SCNPC is empowered to formulate and revise laws other than the ones to be formulated by the NPC, and when the NPC is not in session, shall supplement and revise the laws formulated by the NPC, on the premise that the supplementation and revision are not in contradiction to the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations in accordance with the Constitution and the law. The people’s congresses and their committees of the provinces, autonomous regions and municipalities directly under the Central Government may, based on the specific conditions and actual needs of their respective administrative regions, formulate local regulations, provided that such regulations do not contravene the Constitution, laws or administrative regulations. The people’s congresses and their standing committees of the cities divided into districts may, based on their specific local conditions and actual needs, formulate local regulations on matters such as urban-rural development and management, promotion of ecological conservation, historic and cultural preservation, and community-level governance provided that they do not contravene the Constitution, laws, administrative regulations, or the local regulations of their respective provinces or autonomous regions. Where a law otherwise provides for a matter for which cities divided into districts may formulate local regulations, the provisions of the said law shall prevail. Before coming into effect, local regulations made by the cities divided into districts shall be submitted to and approved by the standing committees of the people’s congresses of their corresponding provinces or autonomous regions.

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The standing committees of the people's congresses of the provinces or autonomous regions shall review the legality of the local regulations submitted for approval, and shall approve them within four months if these regulations are found in no contravention of the Constitution, laws, administrative regulations, or the local regulations of their respective provinces or autonomous regions. The people's congresses of ethnic autonomous areas have the power to formulate autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local ethnic group(s). The ministries and commissions under the State Council, the People's Bank of China, the National Audit Office, authorities directly under the State Council with administrative management functions, as well as the bodies prescribed by law, may formulate rules within the scope of their respective authorities in accordance with laws and the State Council's administrative regulations, decisions, and orders.

The Constitution has the highest authority. No laws, administrative regulations, local regulations, autonomous regulations, separate regulations, or rules may contravene the Constitution. Laws are superior to administrative regulations, local regulations, and rules. Administrative regulations are superior to local regulations and rules. Rules formulated by the people's governments of the provinces or autonomous regions are superior to rules formulated by the people's governments of cities divided into districts and autonomous prefectures within the administrative regions of the provinces or autonomous regions.

The NPC has the authority to modify or annul any inappropriate law formulated by its Standing Committee, and to annul any autonomous regulation or separate regulation approved by its Standing Committee that contravenes the Constitution or the provisions of the second paragraph of Article 85 of this Law; the SCNPC has the authority to annul any administrative regulation that contravenes the Constitution or laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or separate regulation approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government that contravenes the Constitution or the provisions of the second paragraph of Article 85 of this Law; the State Council has the authority to modify or annul any inappropriate departmental rule and local government rule; the people's congress of a province, an autonomous region or a municipality directly under the Central Government has the authority to modify or annul any inappropriate local regulation formulated or approved by its standing committee; the standing committee of a local people's congress has the authority to annul any inappropriate rule formulated by the people's government at the same level; the people's government of a province or an autonomous region has the authority to modify or annul any inappropriate rule formulated by people's governments at the next lower level.

According to the Constitution and the Legislation Law, the power of legal interpretation belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

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Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

II. PRC JUDICIAL SYSTEM

According to the Constitution and Organic Law of People's Courts of the PRC (《中華人民共和國人民法院組織法》) revised by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, local people's courts, and other special people's courts. Local people's courts at various levels are divided into high people's courts, intermediate people's courts and primary people's courts. Primary people's courts may establish dispatched people's tribunals according to their local situations, population size and caseloads. The Supreme People's Court is the highest adjudicatory organ. The Supreme People's Court shall oversee the adjudicatory work of local people's courts at all levels and of special people's courts; people's courts at higher levels shall oversee the adjudicatory work of those at lower levels.

According to the Constitution and Organic Law of People's Procuratorates of the PRC (《中華人民共和國人民檢察院組織法》) revised by the SCNPC on 26 October 2018 and becoming effect on 1 January 2019, the people's procuratorates are the state's legal oversight organs. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of local people's procuratorates at all levels and of special people's procuratorates; people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

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The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

Foreign nationals, stateless persons and foreign enterprises and organizations that institute or respond to proceedings in a people’s court shall have the same procedural rights and obligations as citizens, legal persons and other organizations of the PRC. If the courts of a foreign country impose restrictions on the civil procedural rights of citizens, legal persons and other organizations of the PRC, the people’s courts of the PRC shall implement the principle of reciprocity in respect of the civil procedural rights of citizens, enterprises and organizations of that foreign country. An alien, stateless person or foreign enterprise or organization that needs to be represented by a lawyer as his or its agent ad litem in instituting and responding to an action in a people’s court shall appoint a lawyer of the PRC. Pursuant to international treaties concluded or acceded to by the PRC or in accordance with the principle of reciprocity, people’s courts and foreign courts may request mutual assistance in the service of legal documents, investigation, collection of evidence, and other acts in connection with litigation, on each other’s behalf. If the request by a foreign court would result in the violation of the PRC’s sovereignty, security or public interest of the PRC, the people’s court shall refuse to comply with the request.

The parties must perform civil judgments or rulings that have become legally effective. Where a party refuses to perform a ruling or judgment, the other party may apply to the people’s court for execution. The time limit applicable to applications to execute a judgment is two years. The provisions relating to the suspension or discontinuance of the litigation limitation period shall be applicable to the suspension or discontinuance of the limitation period for applications to execute a judgment.

If a party applies for execution of a legally effective judgment or ruling made by a people’s court and the party subject to execution or his property is not located within the territory of the PRC, the applicant may directly apply for recognition and execution to the foreign court with jurisdiction. Having received an application or a request for recognition and execution of a legally effective judgment or ruling of a foreign court, a people’s court shall review such judgment or ruling pursuant to international treaties concluded or acceded to by the PRC or in accordance with the principle of reciprocity. If, upon such review, the people’s court considers that such judgment or ruling neither violates the basic principles of the laws of the PRC nor harms national sovereignty, security, and the public interest, it shall rule to recognize its effectiveness.

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III. THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law (《中華人民共和國公司法》) (the “Company Law”) was adopted by the Fifth Session of the Standing Committee of the Eighth NPC on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised Company Law came into effect on 1 July 2024.

Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Trial Measures”) and 5 supporting guidelines promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidelines for Articles of Association”), in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from 31 March 2023. The Guidelines for Articles of Association were lastly amended by the CSRC and came into effect on 28 March 2025.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

“A joint stock limited company” means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

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Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (i) to prepare a balance sheet and a property list;
- (ii) a company makes a resolution at shareholders' general meeting to reduce its registered capital;
- (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;
- (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;
- (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

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When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stocks plan or equity incentives;
- (iv) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;
- (v) using the shares for the conversion of convertible corporate bonds issued by the listed company;
- (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

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Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should 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 should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of ordinary shares of a company include:

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;
- (iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;
- (iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;

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- (v) to inspect and copy the company’s articles of association, share register, minutes of shareholder’s general meetings, resolutions of meetings of the board of directors and financial and accounting reports and to make proposals or enquiries on the company’s operations;
- (vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

- (i) to comply with the articles of association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to abuse their shareholders’ rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;
- (iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholder’s Meetings

Under the Company Law and Guidelines for Articles of Association, the shareholders’ general meeting of a joint stock limited company is made up of all shareholders. The shareholders’ general meeting is the organ of authority of a company, which exercises the following functions and powers:

- (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (ii) to examine and approve reports of the board of directors;
- (iii) to examine and approve reports of the supervisory committee;
- (iv) to examine and approve a company’s profit distribution plans and loss recovery plans;
- (v) to resolve on the increase or reduction of a company’s registered capital;

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- (vi) to resolve on the issuance of corporate bonds;
- (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (viii) to amend the company's articles of association;
- (ix) to make a resolution on the Company's engagement or dismissal of an accounting firm;
- (x) to approve upon deliberation the guarantees under Article 47 of and Guidelines for Articles of Association;
- (xi) to deliberate purchases and sales of significant assets within a year exceeding 30% of the Company's total assets as audited in the latest period;
- (xii) to approve upon deliberation changes in the use of funds raised;
- (xiii) to deliberate equity incentive plans and employee stock ownership plans;
- (xiv) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

- (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;
- (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;
- (iii) shareholders individually or jointly holding 10% or more of the company's shares request;
- (iv) when deemed necessary by the Board;
- (v) the Supervisory Committee proposes to convene the meeting;
- (vi) other circumstances as stipulated in the articles of association.

Shareholders' meetings shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

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If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee should convene and preside over shareholders' general meeting in a timely manner. If the supervisory committee fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the supervisory committee should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their voting rights when casting a vote.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

- (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;
- (ii) to implement the resolutions of the shareholder's general meeting;
- (iii) to decide on a company's business plans and investment plans;
- (iv) to formulate a company's profit distribution plan and loss recovery plan;
- (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;
- (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;
- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;
- (ix) to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;
- (x) to formulate a company's basic management system;
- (xi) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and
- (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

- (i) to preside over shareholders' meetings and convene and preside over board meetings;
- (ii) to supervise, promote and oversee the implementation of resolutions of the board of directors;
- (iii) to exercise other powers conferred by the Board.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Supervisors

Under the Company Law, a joint stock limited company may, in accordance with the provisions of its articles of association, establish an audit committee under the board of directors comprising directors to exercise the powers and functions of the supervisory board, in place of a supervisory board or supervisors. Otherwise, a joint stock limited company shall have a supervisory committee consisting of three or more members. The members of the supervisory committee shall include representatives of shareholders and at an appropriate percentage, representatives of employees of the corporation, and the percentage of representatives of employees shall not be less than one-third, with the specific percentage prescribed in the company bylaws. The representatives of employees on the supervisory committee are democratically elected by the employees of the corporation through the assembly of representatives of employees or assembly of employees or otherwise. No director or senior management may concurrently hold the post of supervisor.

According to Relevant Arrangements for the Transitional Period for Implementing the Supporting Systems and Rules for the New Company Law, issued by CSRC on 27 December 2024, a listed company shall, by 1 January 2026, provide in its articles of association that the audit committee will be set up under its board of directors to exercise the functions and powers of the supervisory committee stipulated in the Company Law, without establishment of the supervisory committee or supervisors in accordance with the Company Law, the Implementing Provisions and the supporting systems and rules etc. promulgated by the CSRC. Before adjusting the establishment of its internal supervision bodies by a listed company, the supervisory committee or supervisors of the listed company shall continue to comply with the provisions of the CSRC on the supervisory committee or supervisors.

The supervisory committee exercises the following powers:

- (i) to examine the company's financial affairs;
- (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, administrative regulations, the articles of association or resolutions of shareholders' meetings;
- (iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;
- (iv) to propose the convening of extraordinary general meetings, and to convene and preside over shareholders' meetings when the Board fails to perform the duty of convening and presiding over shareholders' meetings under the Company Law;
- (v) to submit proposals to the shareholders' general meeting;
- (vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law;
- (vii) to review the Company's periodical reports prepared by the board of directors and making written comments thereon after review;
- (viii) to conduct investigations at its discretion if it discovers any abnormal operations of the Company; and when necessary, at its discretion, retain an accounting firm, a law firm, or any other professional institution to assist in its work, at the expenses of the Company;
- (ix) other functions and powers specified in the articles of association.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is 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 attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from:

- (i) to embezzle any property or misappropriate any funds of the company;
- (ii) to deposit any funds of the company in an account opened in his or her own name or in the name of any other individual;
- (iii) to commit bribery or accept any other illegal revenue by taking advantage of his or her powers;
- (iv) to accept and pocket commissions on transactions between others and the company;
- (v) to illegally disclose any confidential information of the company; and
- (vi) otherwise violate the duty of loyalty to the company.

A director, supervisor, or senior management of a company who directly or indirectly enters into a contract or conducts a transaction with the company shall report to the board of directors or the shareholders' meeting on the matters related to the contracting or transaction, and a resolution of the board of directors or the shareholders' meeting regarding the matters shall be adopted in accordance with the company bylaws.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Where a close relative of a director, supervisor, or senior management of a company, an enterprise directly or indirectly controlled by a director, supervisor, or senior management of a company or a close relative of him or her, or an affiliate that is otherwise affiliated to a director, supervisor, or senior management of a company enters into a contract or conducts a transaction with the company, the provision of the preceding paragraph applies.

A director, supervisor, or senior management may not take advantage of his or her position to seek any business opportunity belonging to the company for himself or herself or any other person, except under any of the following circumstances:

- (i) The director, supervisor, or senior management reports it to the board of directors or the shareholders' meeting, and in accordance with the company bylaws, an affirmative resolution of the board of directors or the shareholders' meeting regarding it is adopted; or
- (ii) The company is unable to use the business opportunity, in accordance with a law, an administrative regulation, or the company bylaws.

A director, supervisor, or senior management of a company may not engage in the same kind of business as the company for his or her own account or for the account of any other person without reporting it to the board of directors or the shareholders' meeting and without a resolution of the board of directors or the shareholders' meeting regarding it adopted in accordance with the company bylaws.

A director, supervisor, or senior executive of a company who violates a law, an administrative regulation, or the company bylaws in executing his or her functions, causing any loss to the company, is liable in damages.

Finance and Accounting

Under the Company Law, a company shall establish its financial affairs and accounting system in accordance with laws, administrative regulations, and the provisions issued by the finance department of the State Council. A company shall, at the end of each fiscal year, prepare a financial accounting report, which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with laws, administrative regulations, and the provisions issued by the finance department of the State Council.

The financial accounting report of a joint stock limited company shall be placed at the corporation for consultation by the shareholders 20 days before the annual shareholders' meeting is held; and a joint stock limited company offering shares to the public shall announce its financial accounting report.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Where a company distributes its after-tax profits of the current year, it shall set aside 10% of the profits as funds of the statutory reserve of the company. The company may discontinue setting aside funds of the statutory reserve if the cumulative amount of the statutory reserve is 50% or more of the registered capital of the company. Where the statutory reserve of a company is not sufficient to cover loss from the previous years of the company, the profits of the current year shall be used for covering loss before the funds of the statutory reserve are set aside under the preceding paragraph. After setting aside funds of the statutory reserve from its after-tax profits, a company may, upon resolution of the shareholders' meeting, set aside funds of a discretionary reserve from its after-tax profits.

The remaining after-tax profits after loss is covered and reserve funds are set aside may be distributed by a corporation in proportion to the shares held by the shareholders, except as otherwise prescribed in the company bylaws.

The premium obtained by a company from an offering of shares at an offering price above the par value of stock, the portion of proceeds from an offering of no-par shares which is not included in the registered capital, and other items included in the capital reserve as prescribed by the finance department of the State Council shall be listed as the capital reserve of the company.

The reserves of a company shall be used for covering loss and expanding production and other operations or be converted to increase the registered capital of the company. Where reserves are used to cover loss of a company, the discretionary and statutory reserves shall be first used; and if they are insufficient for covering loss, the capital reserve may be used according to the applicable provisions. Where the statutory reserve is converted to increase the registered capital, the remainder of the reserve may not be less than 25% of the registered capital of the company before the conversion.

A company may not create any account books other than the statutory account books.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal by a company of an accounting firm undertaking the audit of the company shall be decided by the shareholders' meeting, board of directors, or supervisory committee in accordance with the provisions of the company bylaws. When the shareholders' meeting, board of directors, or supervisory committee votes on the dismissal of the accounting firm, the accounting firm shall be allowed to present its opinions. A company shall provide the accounting firm engaged with truthful and complete accounting vouchers, account books, financial accounting reports, and other accounting materials, and may not decline provision, conceal any materials, or provide any false materials.

The Guidelines for Articles of Association provides that the company shall guarantee the provision of true and complete accounting documents, accounting books, financial accounting reports, and other accounting materials to the accounting firm engaged, and may not refuse to provide, conceal, or provide false materials. The auditing fees payable to the accounting firm shall be subject to the decision of the shareholders' meeting.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Profit Distribution

Where a company distributes profits to the shareholders in violation of this Law, the shareholders shall return the profits so distributed to the company; and if any loss is thus caused to the company, the shareholders and liable directors, supervisors, and senior executives shall pay damages.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

- (i) the business duration prescribed in the company bylaws expires or any other cause of dissolution prescribed in the company bylaws occurs;
- (ii) the shareholders' meeting adopts a resolution to dissolve the company;
- (iii) the combination or division of the company requires dissolution of the company;
- (iv) the company forfeits its business license, is ordered to close down, or is abolished in accordance with the law;
- (v) where the operational management of a company encounters any difficulty that is so serious that the continuous existence of the company will cause any major loss to the interests of the shareholders, which cannot be solved by other means, a shareholder or shareholders holding ten percent or more of the voting rights of the company may petition a people's court for dissolution of the company.

Where any of the causes of dissolution of a company set out in the preceding paragraph occurs, the company shall, within ten days, publish the cause of dissolution through the National Enterprise Credit Information Publicity System.

Where any of the circumstances in subparagraphs (1) and (2) of paragraph 1 of the preceding article occurs to a company, and the company has not distributed property to the shareholders, the company may continue to exist by amending the company bylaws or by a resolution of the shareholders' meeting. The amendment of the company bylaws or a resolution of the shareholders' meeting under the preceding paragraph must be adopted by two-thirds or more of the voting rights of the shareholders present at a shareholders' meeting in the case of a corporation.

Where a company is dissolved under subparagraph (1), (2), (4), or (5) above, the company shall be liquidated. The directors of the company as the liquidation obligors shall, within 15 days of occurrence of the cause of dissolution, form a liquidation group to conduct liquidation. The liquidation group are composed of the directors, except as otherwise prescribed in the company bylaws or unless any other person is appointed to the liquidation group by a resolution of the shareholders' meeting. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing any loss to the company or any creditor, the liquidation obligors are liable in damages.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The liquidation group fails to be formed within the prescribed time limit or liquidation is not conducted after the formation of a liquidation group, an interested person may petition a people's court to designate the relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept the petition, and organize the liquidation by the liquidation group in a timely manner.

The liquidation group exercises the following powers during liquidation:

- (i) identifying the property of the company and preparing respectively a balance sheet and a list of property;
- (ii) notifying creditors and issuing an announcement;
- (iii) handling the unfinished business of the company related to liquidation;
- (iv) identifying and paying the taxes owed and the taxes arising in the process of liquidation;
- (v) identifying and disposing of claims and debts;
- (vi) distributing the remaining property of the company after paying off debts;
- (vii) participating in civil litigations on behalf of the company.

The liquidation group shall, within ten days of its formation, notify the creditors, and within 60 days of its formation, issue a public announcement in a newspaper or the National Enterprise Credit Information Publicity System. The creditors shall, within thirty days of receipt of the notice or within 45 days of issuance of the announcement if they fail to receive the notice, declare their claims to the liquidation group.

After the liquidation expenses, wages of employees, social insurance expenses, and statutory indemnities are paid, the taxes owed are paid, and the debts of the company are repaid, the residual property of the company may be distributed in proportion to the capital contributions of the shareholders in the case of a limited liability company or in proportion to the shares held by the shareholders in the case of a corporation.

During liquidation, the company continues to exist, but may not conduct any operation irrelevant to liquidation. The property of the company may not be distributed to the shareholder before the payment and repayment under the preceding paragraph.

Where the liquidation group discovers that the property of the company is insufficient for paying off debts after identifying the property of the company and preparing a balance sheet and a list of property, the liquidation group shall, in accordance with the law, petition a people's court for bankruptcy liquidation. After the people's court accepts the petition for bankruptcy, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

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After completion of liquidation of a company, the liquidation group shall prepare a liquidation report, submit the report to the shareholders’ meeting or the people’s court for confirmation, submit the confirmed report to the company registration authority, and apply for cancelation of company registration.

The members of a liquidation group shall, in performing their liquidation duties, have the duty of loyalty and duty of diligence. Where the members of the liquidation group are slow to perform their liquidation duties, causing any loss to the company, they are liable in damages. Where the members of the liquidation group cause any loss to the creditors intentionally or with gross negligence, they are liable in damages.

Where a company fails to apply to the company registration authority for cancelation of company registration three years after its forfeiture of business license, ordered closedown, or abolition, the company registration authority may issue an announcement through the National Enterprise Credit Information Publicity System, and the period of announcement shall not be less than 60 days. If there is no objection raised upon expiry of the period of announcement, the company registration authority may cancel the registration of the company.

Overseas Listing

According to the Trial Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first paragraph of this Article. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within 20 working days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request courtesy translation supplementation and amendment thereto within 5 working days after receiving the filing documents. The issuer should then complete supplementation and amendment within 30 working days.

Loss of Share Certificates

A shareholder whose stock certificate is stolen, lost, or destroyed may request a people’s court to declare invalidation of the stock certificate under the procedure for announcement to urge declaration of claims prescribed in the Civil Procedural Law. After the people’s court declares invalidation of the stock certificate, the shareholder may apply to the corporation for reissuance of a stock certificate.

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Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “PRC Securities Law”) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of voluntary or mandatory delisting, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event.

IV. SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The PRC Securities Law, which was amended by the SCNPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

V. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "Arbitration Law"), amended by the SCNPC on 1 September 2017 and effective on 1 January 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. The parties shall perform the arbitration award. If a party fails to perform the arbitration award, the other party may apply to the people's court for enforcement in accordance with the relevant provisions of the Civil Procedure Law. 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 or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). If a party applies for enforcement of a legally effective arbitration award made by a foreign-related arbitration commission and if the party against whom the enforcement is sought or such party's property is not within the territory of the People's Republic of China, he shall directly apply to a competent foreign court for recognition and enforcement of the award.

Where an effective arbitration award rendered outside the territory of the People's Republic of China requires recognition and enforcement by a people's court, a party may directly apply to the intermediate people's court at the place of domicile of the party subject to enforcement or at the place where the property thereof is located. If the domicile of the person subject to enforcement or the property thereof is not within the territory of the People's Republic of China, the party may file an application with the intermediate people's court at the place of domicile of the applicant or at the place that has appropriate connections with the dispute involved in the arbitration award. The people's court shall process the application in accordance with an international treaty concluded or acceded to by the People's Republic of China or under the principle of reciprocity.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on 26 November 2020 and effective on 27 November 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARES ISSUANCE

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon resolution and approval at the Shareholders’ Meeting (“General Meeting” or “Shareholders’ Meeting”):

- (i) Issuance of shares to unspecified persons;
- (ii) Issuance of shares to specific recipients;
- (iii) Distribution of bonus shares to existing shareholders;
- (iv) Converting the reserve funds into share capital;
- (v) Other means approved by the laws, administrative regulations and approved by the CSRC and the securities regulatory rules of the place where the Company’s shares are listed.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in the PRC Company Law and other related requirements and the Articles of Association.

Repurchase of Shares

The Company shall not acquire its own shares, unless otherwise under the circumstances:

- (i) Reduce our Company’s registered capital;
- (ii) Merger with other companies which hold our shares;
- (iii) Using the shares as an employee stock ownership plan or equity incentive plan;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' Meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

Except for the above circumstances, the Company shall not engage in the acquisition of its shares.

A resolution shall be passed at the Shareholders' Meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, subject to the compliance with the securities regulatory rules of the place where the Company's shares are listed, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting. After the Company has repurchased its own shares in accordance with the circumstances above, subject to the compliance with the securities regulatory rules of the place where the Company's shares are listed, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted by way of open centralized trading.

Transfer of Shares

A Shares of the Company that were initially issued prior to a public issue shall not be transferred within one year from the date on which A Shares of the Company are listed and traded on the stock exchange.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferable by them during each year of their tenures shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

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Any gains from sale of Company's shares or other securities with the nature of equity by the Directors and senior management members or shareholders holding 5% or more of the Company's shares (excluding a recognized clearing house or its agent thereof defined in the relevant provisions in force from time to time of the Hong Kong laws) within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, a securities company which holds 5% or more of the Company's shares as a result of its undertaking of the untaken shares in an offer, and other circumstances stipulated by the CSRC are excluded. If it is otherwise provided in the listing rules of the place where the Company's shares are listed, such rules shall prevail.

Shares or other securities with the nature of equity held by Directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the above 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. And if the Board of Directors fails to implement the provisions set forth above in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

The Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The original register of Shareholders of H Shares listed in Hong Kong is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Any shareholder whose name is entered in the H Shares register of members or any person whose name (company's name) is requested to be entered in the H Shares register of members may apply to the Company for the issuance of a new replacement share certificate in respect of such share if the share certificate is lost. H Shareholders who have lost their share certificates and apply for replacement may be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original H Shares register of members is kept. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations. For the purposes of this Article, the A Shares and the H Shares of the Company shall be deemed to be of the same class of shares.

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The rights of our Shareholders are as follows:

- (i) To receive distribution of dividends and other forms of benefits according to the number of shares held;
- (ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the General Meeting and exercise corresponding voting rights;
- (iii) To supervise operational activities of our Company, provide suggestions or submit queries;
- (iv) To transfer, grant and pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- (v) To inspect and copy the Articles of Association, the register of shareholders, General Meeting minutes, resolutions of meetings of the Board of Directors, financial and accounting reports, and shareholders who satisfy the relevant requirements may, in accordance with applicable regulations, inspect the Company's account books and accounting vouchers;
- (vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (vii) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the Company;
- (viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where our Company's shares are listed, or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to the Company written documents proving the class(es) and number of shares he holds. The Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

A shareholder who requests to inspect or copy the relevant information of the Company shall comply with the Company Law, the Securities Law, and other relevant laws and administrative regulations. If a shareholder who holds more than 3% of the Company's shares individually or collectively for more than 180 consecutive days requests to inspect the Company's account books and accounting vouchers, he or she shall submit a written request to the Company stating the purpose with supporting documents in compliance with the relevant provisions of the Company Law and the Securities Law. If the Company has a reasonable basis

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to believe that the shareholder's inspection of account books and accounting vouchers has an improper purpose and may harm the legitimate interests of the Company, it may refuse to provide such inspection, and shall reply to the shareholder in writing and explain the reasons within 15 days from the date of the shareholder's written request.

In the event that any resolution of the Shareholders' Meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid. In the event that the convening procedure or voting method of the Shareholders' Meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted. However, the resolution shall not be revoked if there are only minor flaws in the convening procedures or voting methods of the Shareholders' Meeting or the Board meeting resulting in no substantial impact on the resolution.

The obligations of Shareholders are as follows:

- (i) To abide by laws, administrative regulations and the Articles of Association;
- (ii) To provide Share capital according to the Shares subscribed for and Share participation methods;
- (iii) Not to withdraw Share capital unless prescribed otherwise in laws and administrative 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 damage the interests of the Company's creditors;
- (v) To perform other duties prescribed in laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any company 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 the 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 seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors other than a member of the Audit Committee or senior management when performing their duties in our Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people's court.

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Where the Audit Committee violates laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the aforementioned Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the court pursuant to the provisions of the preceding two paragraphs.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The controlling Shareholders and actual controllers of the Company shall comply with the following provisions:

- (i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (ii) to strictly fulfil the public statements and undertakings made, without unilateral alteration or waiver;
- (iii) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (iv) not to appropriate the Company's funds in any way;
- (v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) not to make use of the Company's undisclosed material information for personal gain, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;

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- (vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related party transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (viii) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (ix) other provisions of laws, administrative regulations, the CSRC, the business rules of the stock exchange and the Articles of Association.

General Provisions for Shareholders' Meetings

The General Meetings are divided into annual general Shareholders' meetings and extraordinary general Shareholders' meetings. The annual general shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

The Shareholders' Meeting is the organ of authority of the Company, which exercises its powers in accordance with the laws:

- (i) To elect or remove the Directors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors;
- (ii) To examine and approve reports of the Board of Directors;
- (iii) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;
- (iv) To decide on any increase or decrease of the Company's registered capital;
- (v) To decide on the issue of corporate bonds by the Company;
- (vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (vii) To amend the Articles of Association;
- (viii) Resolution on appointment and dismissal of the accounting firm responsible for the audits of the Company by the Company;
- (ix) To examine and approve the provision of guarantees stipulated in Article 46;

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- (x) To examine and approve connected transactions between the Company and connected persons where the transaction amount exceeds 5% of the absolute value of the latest audited net assets of the Company and the absolute amount exceeds RMB30 million;
- (xi) To examine matters relating to the purchases and disposals of the Company’s material assets within one year, which exceed 30% of the Company’s latest audited total assets;
- (xii) To examine and approve matters relating to changes in the use of proceeds;
- (xiii) To examine and approve the equity incentive plans and employee stock ownership plans;
- (xiv) To examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association of the Company, which shall be decided by the Shareholders’ Meeting.

The Company shall not provide external guarantees without the approval of the Board of Directors or the General Meeting. The following acts of external guarantee of the Company shall be submitted to the General Meeting for deliberation and approval:

- (i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company’s net assets as audited in the latest period;
- (ii) Basis of the cumulative guarantee amount in the last 12 months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company’s latest audited total assets in the latest period;
- (iii) Basis of the cumulative guarantee amount in the last 12 months, the total amount of external guarantees provided by the Company has exceeded 50% of the Company’s net assets audited in the latest period, and the absolute value exceeded RMB50 million;
- (iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (v) The single guarantee for an amount more than 10% of the Company’s net assets audited in the latest period;
- (vi) Any guarantee to be provided after the total amount of guarantees provided by the Company and the subsidiaries it controls has exceeded 30% of the Company’s total assets as audited in the latest period;

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- (vii) The guarantee to be provided to a Shareholder, or to an actual controller or related party thereof;
- (viii) Other guarantees as stipulated in the securities regulatory rules of the place where the Company's shares are listed or in the Articles of Association.

Guarantee matters in item (ii) of the preceding paragraph examined at the General Meeting shall be approved by more than two-thirds of the votes held by the shareholders present at the meeting.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (i) The number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;
- (ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;
- (iii) The Shareholders with 10% or more shares of the Company separately or jointly request;
- (iv) The Board of Directors considers it necessary;
- (v) The Audit Committee proposes that such a meeting shall be held;
- (vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' Meetings

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the

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request, shareholders who individually or collectively hold more than 10% of the Company’s shares have the right to propose to the Audit Committee to hold an extraordinary general meeting, and shall make a written request to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company’s shares for more than 90 consecutive days may convene and preside over it on their own.

Where the Audit Committee or shareholders decide to convene a Shareholders’ Meeting by themselves, they shall notify the Board of Directors in writing and file with Shenzhen Stock Exchange at the same time. Prior to the announcement of the resolution of the Shareholders’ Meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Audit Committee or the convening shareholders shall submit relevant supporting materials to Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolutions of the Shareholders’ Meeting.

The expenses necessary for the Shareholders’ Meeting convened by the Audit Committee or the Shareholders themselves shall be borne by the Company.

Notice of Shareholders’ Meeting

The notice of a Shareholders’ Meeting includes the following:

- (i) The time, place and duration of the meeting;
- (ii) The matters and proposals to be discussed at the meeting;
- (iii) In plain language: all Shareholders have the right to attend the general meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

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- (iv) The shareholding registration date of the Shareholders entitled to attend the general meeting;
- (v) Name and telephone number of the permanent contact person for conference affairs;
- (vi) The time and procedure for voting online or through other means.

The notice of the General Meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals.

Where a Shareholders' Meeting is held online or by other means, the time and procedures for voting online or by other means shall be clearly stated in the notice of the Shareholders' Meeting. The time of voting for Shareholders' Meetings held online or by other means shall not be commenced before 3:00 p.m. on the day prior to the day of the on-site Shareholders' Meeting, and later than 9:30 a.m. on the day of the onsite Shareholders' Meeting. Voting shall not be ended earlier than 3:00 p.m. on the day of the on-site Shareholders' Meeting.

The convener shall notify all Shareholders by way of announcement 20 days prior to the convening of the annual general meeting, and each Shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting.

The interval between the equity registration date and the meeting date shall be no more than 7 working days. Once the equity registration date is confirmed, it cannot be changed.

Proposals at Shareholders' Meetings

The Board of Directors, the Audit Committee and Shareholders who individually or jointly hold more than 1% of the shares of the Company shall have the right to put forward proposals to the Company. Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders' Meeting. The convener shall issue a supplementary notice of the Shareholders' Meeting within 2 days after receiving the proposal, announce the contents of the interim proposal, and submit such interim proposal to the Shareholders' Meeting for consideration, except where such interim proposal is in violation of provisions under laws, administrative regulations or the Articles of Association, or is out of the scope of authorisation of the Shareholders' Meeting. Where the Shareholders' Meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplementary notice of the Shareholders' Meeting, the convening of the Shareholders' Meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

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Proxy for the Shareholders' Meeting

A shareholder may attend and vote at the Shareholders' Meeting in person or by proxy. Where a shareholder is a recognized clearing house (or its proxy) as defined under relevant ordinances enacted in Hong Kong from time to time, such shareholder may authorize its corporate representative or one or more persons as it thinks fit to act as its representative(s) at any Shareholders' Meeting.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (hereinafter referred to as the "Recognized Clearing House").

If the shareholder is a Recognized Clearing House (or their proxies), the shareholder may authorize one or more persons as it deems appropriate to act as its representative at any General Meeting or creditors' meeting; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized, and shall be signed by an authorized officer of the Recognized Clearing House. A person so authorized may exercise power on behalf of the Recognized Clearing House (or their proxies) and shall be entitled to the same statutory rights as other Shareholders, including the right to speak and vote, as if such person were an individual shareholder of the Company (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its duly authorization).

Voting at the Shareholders' Meeting

The resolutions of the Shareholders' meeting divided into ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' Meeting shall be passed by more than half of the voting rights held by the shareholders present at the Shareholders' Meeting. A special resolution at a Shareholders' Meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the Shareholders' Meeting.

Shareholders shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

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Where material issues affecting the interests of small and medium investors are considered at the Shareholders' Meeting, the votes of small and medium investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the Shareholders' Meeting. If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the Shareholders' Meeting for thirty-six months after the purchase.

The Board of Directors, independent Directors and shareholders holding more than 1% of the shares with voting rights or investor protection agencies established in accordance with the laws, administrative regulations or the requirements of CSRC may publicly solicit Shareholders' voting rights. The solicitation of Shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited persons. It is prohibited to solicit Shareholders' voting rights by means of payment or disguised payment. The Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

The following matters shall be approved by the General Meeting through ordinary resolutions:

- (i) Work report of the Board of Directors;
- (ii) Plans of earnings distribution and loss make-up schemes drafted by the Board;
- (iii) Appointment or dismissal of the members of the Board of Directors, and their payment and payment methods;
- (iv) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or 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, split-off, merger, dissolution and liquidation of the Company;

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- (iii) Any amendment to the Articles of Association;
- (iv) Purchase or sale of significant assets or guarantee amount within a year which exceeds 30% of the Company's audited total assets for the latest period;
- (v) Share option incentive plan;
- (vi) Other matters as required by the laws, administrative regulations, other securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and matters approved by ordinary resolution of the General Meeting which are believed could materially affect our Company and need to be approved by special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors' term of office shall be three years. Upon expiration of the term, the Director may be re-elected. Director can be the general manager or other senior management personnel. However, provided that the total number of Directors who concurrently serve as general manager or other Senior Management Members and employee representative Directors shall not exceed half (1/2) of the total number of Directors of the Company.

The Company has independent directors and the members of the Board of Directors of the Company should consist of more than one-third Independent Directors, including at least 1 accounting professional (an accounting professional being a person who holds a senior title or is qualified as a certified public accountant and possesses appropriate professional qualifications in accordance with the requirements of the Hong Kong Listing Rules, or possesses appropriate accounting or related financial management expertise). Independent directors shall faithfully perform their duties and safeguard the interests of the Company, with particular attention to ensuring that the legitimate rights and interests of small and medium shareholders are not jeopardized.

The Directors shall abide by laws, administrative regulations and the Articles of Association, and bear fiduciary obligations towards the Company. They shall take measures to avoid conflict of interests between their own interests and that of the Company, and shall not use their authority to seek improper benefits. Directors shall bear the following fiduciary obligations towards the Company:

- (i) Shall not misappropriate the properties of the Company and misappropriate company funds;
- (ii) The funds of the Company shall not be deposited in any personal account or account under other individuals;
- (iii) Shall not use their authority to bribe or accept other illegal income;

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- (iv) Shall not, directly or indirectly, conclude any contract or engage in any transaction with the Company without reporting to the Board of Directors or the Shareholders' Meeting and the approval of the Board of Directors or as approved by resolution at Shareholders' Meeting in accordance with provisions under the Articles of Association;
- (v) Shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company, except where such circumstance has been reported to the Board of Directors or the Shareholders' Meeting and approved by resolution at Shareholders' Meeting, or under circumstance where the Company is prohibited from making use of such business opportunities pursuant to provisions under laws, administrative regulations or the Articles of Association;
- (vi) Shall not engage in the same business as the Company either for their own account or for the account of any other person without reporting to the Board of Directors or the Shareholders' Meeting and approved by resolution at Shareholders' Meeting;
- (vii) Shall not accept commissions for transactions between other party and the Company as their own;
- (viii) Shall not disclose Company's secrets without authorization;
- (ix) Shall not use their connected relationships to damage the Company's interests;
- (x) Other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the company's shares are listed and the Articles of Association.

The income obtained by the director in violation of above article shall belong to the Company; If losses are caused to the Company, it shall be liable for compensation.

Directors shall abide by laws, administrative regulations and the Articles of Association, and bear fiduciary obligations towards the Company. They shall exercise due care generally expected of the management in the best interests of the Company when performing their duties. Directors shall bear the following fiduciary obligations towards the Company:

- (i) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;
- (ii) Shall treat all Shareholders fairly;
- (iii) Shall maintain a timely awareness of the operation and management of the Company;
- (iv) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

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- (v) Shall provide information and materials to the Audit Committee and shall not obstruct the Audit Committee from performing its duties;
- (vi) Other obligations of diligence stipulated in the laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the Company's Shares are listed, and Articles of Association.

Upon resignation becomes effective or expiry of term of office, Directors shall complete all transfer procedures to the Board of Directors,. His fiduciary duty to the Company and Shareholders shall not be automatically relieved upon the expiration of his term of office, and shall remain in effect for a period of 2 years after the effective date of his resignation or the expiration of his term of office.

The Company enters into confidentiality agreements with the Directors. After the Directors leaves office, his obligation of confidentiality with respect to the Company's trade secrets, including core technologies, shall remain in effect until such trade secrets become public information, and he shall not make use of the Company's core technologies in his possession to engage in business which is the same as or similar to that of the Company.

Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no Director shall act in his own name on behalf of the Company or the Board of Directors. When a Director acts in his/her own name, the Director shall declare his/her position and identity in advance if the third party reasonably believes that the Director is acting on behalf of the Company or the Board of Directors.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman shall be assumed by a Director of the Company and elected by the Board of Directors by more than one half of all Directors.

Board of Directors

The Board of Directors consists of 7 Directors, three of whom are independent Directors and has one chairman.

The Board of Directors exercises the following powers:

- (i) To convene the general Shareholders' meeting and report on work to the General Meeting;
- (ii) Implement the resolutions of the General Meeting;
- (iii) Determine the business and investment plans of our Company;

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- (iv) Devise the earnings distribution and loss offset plans of our Company;
- (v) Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;
- (vi) Formulate plans for major acquisitions of the Company, the buy-back of shares of our Company, corporate merger, separation, dissolution and changing the form of our Company;
- (vii) Determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the Shareholders' Meeting;
- (viii) Decide on the setup of our Company's internal management organization;
- (ix) To decide on matters such as appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management, and determine matters on their remuneration, awards and penalties; matters such as appointment or dismissal of the Company's vice general manager, chief financial officer and senior management based on the nominations by the general manager and on their compensation and incentives/disincentives;
- (x) Set the basic management systems of our Company;
- (xi) Make the modification plan to the Articles of Association;
- (xii) Manage the disclosure of company information;
- (xiii) Request to the Shareholders' Meeting to hire or replace the accounting firm auditing for the company;
- (xiv) Attend to the work report of our Company's general manager and review the work of the general manager;
- (xv) Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, other securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association and the Shareholders' Meeting.

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Meetings of the Board of Directors shall be attended by more than one-half of the Directors before the Board of Directors meeting can be convened.

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the shareholders' meeting for approval.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the Shareholders' Meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Special Committees under the Board

The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors.

Secretary to the Board

The Company shall have a Secretary to the Board of Directors, who shall be responsible for the preparation of the Shareholders' Meeting, custody of documents and management of the shareholders' information of the Company, as well as handle matters on information disclosure. The Secretary to the Board of Directors shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

General Manager and Other Senior Management Members

Our Company has one general manager and certain vice general managers, appointed or dismissed by the Board of Directors. The general manager of our Company is responsible to the Board of Directors and exercises the following powers:

- (i) To be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

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- (ii) To organize and implement the Company's annual business plan and investment proposals;
- (iii) To draft plans for the establishment of the Company's internal management organizations;
- (iv) To draft the Company's basic management system;
- (v) To formulate general rules and regulations for the Company;
- (vi) To propose to the Board of Directors on the appointment or dismissal of deputy general manager and financial officer management of the Company;
- (vii) To appoint or dismiss responsible 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.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS AND SENIOR MANAGEMENT

None of the following persons shall serve as our Director or senior management:

- (i) A person who has no civil capacity or has limited civil capacity;
- (ii) A person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense where less than five years have lapsed following the completion of the implementation of the punishment; or who has been deprived of his/her political rights for committing an offense where less than five years have lapsed following such deprivation; or who was given a suspended sentence and not more than 2 years has elapsed since the expiration of the suspended sentence;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iii) A person who is a former director, factory manager or manager or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) A person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license and close down of such company or enterprise;
- (v) A person who is listed as a defaulter by a people's court since he has a relatively large sum of debt, which was not paid at maturity;
- (vi) A person who is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;
- (vii) A person subject to administrative penalties by the CSRC within the last three years, or being publicly condemned within the last three years or given a notice of criticism more than three times by a stock exchange
- (viii) A person being investigated by the judicial authorities for suspected crimes or suspected violations of laws and regulations by the CSRC, with no clear conclusions have been made;
- (ix) A person publicly identified by the stock exchange as unsuitable to serve as a director or senior management of a listed company, and such barring period has not elapsed;
- (x) A person who is unable to ensure that he devotes sufficient time and effort to the affairs of the Company during his term of office to effectively perform the duties required of a director;
- (xi) Any other circumstances stipulated by laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's shares are listed.

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FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC.

The Company shall submit and disclose its annual reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company’s shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company’s shares are listed within two months from the end of the first half of each fiscal year.

The financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations, departmental rules and requirements of the CSRC and the stock exchange in the place where the Company’s shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

The Company is required to withdraw 10% of its profits into its statutory reserve fund when distributing each year’s after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further withdrawal is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph. Subject to a resolution of the Shareholders’ Meeting, after withdrawal has been made to the Company’s statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

If the General Meeting violates the Company Law for profit distribution to Shareholders, the profits distributed in violation of the provisions shall be returned by such Shareholders to the Company. Where losses are incurred by the Company, such Shareholders and the responsible Directors and senior management shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company. The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and

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hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital. The reserve fund to make up for the Company's losses should first use the arbitrary reserve fund and the statutory reserve fund; if it still cannot be made up, the capital reserve may be used in accordance with the regulations. When the statutory reserve funds are converted into registered capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

The profit distribution of the Company attaches importance to the reporting of investment and reasonable investment and takes into account the sustainable development of the Company.

After the General Meeting of our Company make a resolution on profit distribution plan, or after the Board of Directors of the Company has formulated a specific proposal in relation to the conditions and limit of the next year's interim dividend approved by the annual general meeting, the distribution of dividends (or shares) shall be completed within 2 months. The implementation date of the specific profit distribution plan can be adjusted in accordance with such provisions and the actual situation when cannot be implemented within 2 months due to the provisions of laws and regulations and securities regulatory rules of the place where the Company's shares are listed.

The Company has implemented an internal audit system. The internal audit department of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters. The internal audit department, which is staffed with full-time auditors, shall maintain its independence, and shall not be placed under the leadership of the finance department or co-located with the finance department. The internal audit department shall be accountable to the Board of Directors.

The Company shall appoint such accounting firm which has complied with the Securities Law and securities regulatory rules of the place where the Company's shares are list for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one (1) year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of the Shareholders' Meetings. The Board of Directors may not appoint accounting firm before the approval of the Shareholders' Meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fees of an accounting firm shall be determined at the Shareholders' Meeting.

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If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm thirty days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the Shareholders’ Meeting.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

- (i) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;
- (ii) The General Meeting adopts a resolution to dissolve our Company;
- (iii) Our Company needs to be dissolved for the purpose of merger or division;
- (iv) The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;
- (v) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company’s shareholders may request the People’s Court to dissolve the Company.

Where our Company is dissolved due to the provisions set forth in i, ii, iv, v above, the liquidation team shall be established within 15 days from the date of the event leading to liquidation to commence dissolution. The personnel of the liquidation team shall consist of the persons determined by the Directors or the General Meeting.

Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in media in compliance with the requirements of CSRC or the National Enterprise Credit Information Publicity System, Shenzhen Stock Exchange website (<https://www.szse.cn>) and Hong Kong Stock Exchange (www.hkexnews.hk) within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation team shall carry out registration of the claims. During the period for declaration of claims, the liquidation group shall not make any repayment to the creditors.

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During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

In the event the liquidation team finds that, after taking stock of our Company's property and preparing the balance sheet and list of property, that the assets are insufficient to pay the debts, it shall apply to the people's court to declare bankruptcy to the law.

After our Company is declared bankrupt pursuant to laws, according to the law of insolvency of company implement insolvency and liquidation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

- (i) Following the revision of the Company Law or relevant laws, administrative regulations, administrative regulation or securities regulatory rules of the place where the Company's shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the revised laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed;
- (ii) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;
- (iii) A Shareholders' Meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the Shareholders' Meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

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1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation

Our Company, then known as Wuxi Lead Auto Equipment Co., Ltd. (無錫先導自動化設備股份有限公司), was established as a limited liability company under the laws of the PRC on April 30, 2002, and was converted into a joint stock company with limited liability in December 2011. We later changed our name to Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司) in December 2015. We completed the listing of our A Shares on the Shenzhen Stock Exchange (stock code: 300450) in May 2015. For further details of the listing of our A Shares, see “History and Corporate Structure — Major Shareholding Changes of Our Company — Our Listing on the Shenzhen Stock Exchange and Reasons for the [REDACTED] on the Stock Exchange” in this document.

Our registered office is located at No. 20 Xinxi Road, Xinwu District, Wuxi City, Jiangsu Province, PRC. We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on March 18, 2025, and our principal place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Ms. HO Wing Nga (何詠雅) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As the Company was established in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and Appendix V to this document, respectively.

B. Changes in Share Capital of our Company

There has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

C. Further Information about Our Subsidiaries

No alteration in the registered capital of our subsidiaries has taken place within the two years preceding the date of this document.

D. Resolutions Passed by Our Shareholders’ General Meeting of Our Company in Relation to the [REDACTED]

Pursuant to the shareholders’ general meeting held on February 14, 2025, the following resolutions, among others, were duly passed:

- (a) the [REDACTED] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;

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- (b) the number of H Shares to be [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the above number of H Shares to be [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on [REDACTED]; and
- (d) authorization of the Board and its authorized persons to handle relevant matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

The following are contract (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years preceding the date of this document that are or may be material:

- (a) the [REDACTED].

B. Our Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Expiry Date
1. . .		PRC	15994443	Our Company	7	November 20, 2026
2. . .		PRC	15994531	Our Company	9	November 20, 2026
3. . .		PRC	15994808	Our Company	7	February 20, 2026

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No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Expiry Date
4. . .		PRC	15994961	Our Company	9	January 13, 2027
5. . .		PRC	43817876	Our Company	7	January 13, 2031
6. . .		PRC	43829327	Our Company	7	September 27, 2030
7. . .		PRC	53642887	Our Company	7	November 6, 2031
8. . .		PRC	53643191	Our Company	9	November 6, 2031
9. . .		PRC	54547938	Our Company	7	October 27, 2031
10. . .		PRC	54548242	Our Company	7	October 20, 2031
11. . .		PRC	54551268	Our Company	9	January 6, 2032
12. . .		PRC	54577436	Our Company	7	January 13, 2032
13. . .		PRC	62184162	Our Company	7	September 20, 2032
14. . .	Leadtech	PRC	62193498	Our Company	7	September 20, 2032
15. . .		PRC	62193553	Our Company	9	September 20, 2032
16. . .		PRC	62824000	Our Company	9	August 27, 2032
17. . .		PRC	62826943	Our Company	7	September 20, 2032
18. . .		PRC	62833467	Our Company	9	September 20, 2032

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No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Expiry Date
19. . .		PRC	62837699	Our Company	7	August 27, 2032
20. . .		PRC	62186334	Our Company	7	November 6, 2032
21. . .		PRC	62202903	Our Company	9	June 13, 2033
22. . .		PRC	69623436	Our Company	9	August 13, 2033
23. . .		PRC	69603184	Our Company	7	August 13, 2033
24. . .		Hong Kong	306777361	Our Company	7	January 6, 2035

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
1. . . .	Cell stacking machine (電芯疊片裝置)	Our Company	PRC	Invention patent	2012105809672	December 27, 2012	20 years
2. . . .	A cell winding machine (一種卷繞電芯裝置)	Our Company	PRC	Invention patent	2013106735755	December 13, 2013	20 years
3. . . .	A winding machine (一種卷繞裝置)	Our Company	PRC	Invention patent	2013106735914	December 13, 2013	20 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
4. . . .	Automatic tabs welding machine (自動焊接極耳裝置)	Our Company	PRC	Invention patent	2013106735948	December 13, 2013	20 years
5. . . .	A winding machine (一種卷繞裝置)	Our Company	PRC	Invention patent	2013106735952	December 13, 2013	20 years
6. . . .	Cell winding machine (電芯卷繞 裝置)	Our Company	PRC	Invention patent	2014106185586	November 6, 2014	20 years
7. . . .	Electrode sheet insertion machine (極片插入裝置)	Our Company	PRC	Invention patent	2014106185622	November 6, 2014	20 years
8. . . .	Electrode sheet die-cutting machine (極片沖裁 裝置)	Our Company	PRC	Invention patent	2015105390817	August 29, 2015	20 years
9. . . .	Battery cell central pin spinning and rotating machine (電芯卷針自轉和公 轉裝置)	Our Company	PRC	Invention patent	2016106540676	August 10, 2016	20 years
10. . .	Lithium-ion battery insertion machine (鋰電池插片裝置)	Our Company	PRC	Invention patent	2016106666424	August 12, 2016	20 years
11. . .	Electrode sheet slitting mechanism and electrode sheet slitting method (極片飛切機構及極 片飛切方法)	Our Company	PRC	Invention patent	2016109457238	November 2, 2016	20 years
12. . .	Tab reinforcing indentation mechanism (極耳 加強壓痕機構)	Our Company	PRC	Invention patent	2017104193952	June 6, 2017	20 years
13. . .	A slitting mechanism, winding machine and slitting method (一種飛切機構、卷 繞機及飛切方法)	Our Company	PRC	Invention patent	2017109878693	October 21, 2017	20 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
14. . .	Membrane forming mechanism and method, including the method's cell winding method and winding equipment (併膜機構和方法、包括該方法的電芯卷繞方法及卷繞設備)	Our Company	PRC	Invention patent	2017112633085	December 4, 2017	20 years
15. . .	Tab smoothing mechanism (極耳撫平機構)	Our Company	PRC	Utility model	2017201898266	March 1, 2017	10 years
16. . .	Central pin and winding machine (卷針及卷繞機)	Our Company	PRC	Utility model	2017207016207	June 16, 2017	10 years
17. . .	Unwinding mechanism and its slitting machine (放卷機構及其分切機)	Our Company	PRC	Utility model	2017214976757	November 11, 2017	10 years
18. . .	Winding rectification machine and winding machine (入卷糾偏裝置及卷繞機)	Our Company	PRC	Utility model	2017216069839	November 27, 2017	10 years
19. . .	Pitting machine (製麻點裝置)	Our Company	PRC	Invention patent	2018115139956	December 11, 2018	20 years
20. . .	A slitting and stacking integrated machine (一種切片疊片一體設備)	Our Company	PRC	Utility model	2018203694164	March 17, 2018	10 years
21. . .	Gluing machine and its unwinding mechanism (貼膠設備及其放卷機構)	Our Company	PRC	Utility model	2018220803853	December 11, 2018	10 years
22. . .	Pitting machine (製麻點裝置)	Our Company	PRC	Utility model	2018220806298	December 11, 2018	10 years
23. . .	Stacking mechanism, stacking finishing machine and method (疊片機構、疊片收尾裝置及方法)	Our Company	PRC	Invention patent	2019101382010	February 25, 2019	20 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
24. . .	Cell blanking machine and method (電芯下料裝置及方法)	Our Company	PRC	Invention patent	2019111587943	November 22, 2019	20 years
25. . .	Automatic electrode sheet rewinder and winding equipment (自動換卷裝置及卷繞設備)	Our Company	PRC	Invention patent	2019113475393	December 24, 2019	20 years
26. . .	Tape attaching mechanism, automatic electrode sheet rewinder and winding equipment (接帶機構、自動換卷裝置及卷繞設備)	Our Company	PRC	Invention patent	2019113475976	December 24, 2019	20 years
27. . .	A cell blanking machine (一種電芯下料裝置)	Our Company	PRC	Invention patent	2019113586589	December 25, 2019	20 years
28. . .	A strap connector, strap structure and strap method (接帶連接件、接帶結構及接帶方法)	Our Company	PRC	Invention patent	2019113685705	December 26, 2019	20 years
29. . .	Gluing mechanism, gluing machine and gluing equipment (貼膠機構、貼膠裝置及包膠設備)	Our Company	PRC	Invention patent	2020100179939	January 8, 2020	20 years
30. . .	Electrode sheet conveying machine (極片輸送裝置)	Our Company	PRC	Invention patent	2020101587969	March 9, 2020	20 years
31. . .	Blanking machine and winding equipment (下料裝置及卷繞設備)	Our Company	PRC	Invention patent	2020104391851	May 22, 2020	20 years
32. . .	Cell stacking method and machine (電芯疊片方法及裝置)	Our Company	PRC	Invention patent	2020105042044	June 5, 2020	20 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
33. . .	Tab rewinder and winding equipment (極耳換卷裝置及卷繞設備)	Our Company	PRC	Invention patent	2020111170001	October 19, 2020	20 years
34. . .	Rewinder and winding equipment (換卷裝置及卷繞設備)	Our Company	PRC	Invention patent	2020113185726	November 23, 2020	20 years
35. . .	Thermal pressing machine (熱壓合裝置)	Our Company	PRC	Utility model	2020214358183	July 20, 2020	10 years
36. . .	Rewinder and gluing equipment (換卷裝置及貼膠設備)	Our Company	PRC	Invention patent	2021101758312	February 9, 2021	20 years
37. . .	Rewinder and gluing equipment (換卷裝置及貼膠設備)	Our Company	PRC	Invention patent	2021104901007	May 6, 2021	20 years
38. . .	Helium inspection machine (氦檢裝置)	Our Company	PRC	Invention patent	2021108247835	July 21, 2021	20 years
39. . .	A coating machine (一種包膜設備)	Our Company	PRC	Invention patent	2021113907591	November 23, 2021	20 years
40. . .	Integrated machine and stacking machine (複合裝置及疊片機)	Our Company	PRC	Utility model	2021203682559	February 9, 2021	10 years
41. . .	Helium injection machine and helium inspection equipment (注氦裝置及氦檢設備)	Our Company	PRC	Utility model	2021216701473	July 21, 2021	10 years
42. . .	Valve core, pinch valve and battery liquid injection machine (閥芯、夾管閥及電池注液裝置)	Our Company	PRC	Utility model	2021220352653	August 26, 2021	10 years
43. . .	Liquid injection machine (注液裝置)	Our Company	PRC	Utility model	2021221135714	September 2, 2021	10 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
44. . .	A slitting control method, machine, system, electronic equipment and storage medium (一種飛切控制方法、裝置、系統、電子設備及存儲介質)	Our Company	PRC	Invention patent	2022101600746	February 22, 2022	20 years
45. . .	Stop valve (截止閥)	Our Company	PRC	Utility model	2022204083357	February 25, 2022	10 years
46. . .	A stop valve (一種截止閥)	Our Company	PRC	Utility model	2022209125303	April 19, 2022	10 years
47. . .	A powder-liquid mixing machine and pulping system (粉液混合設備和製漿系統)	Our Company	PRC	Utility model	2023215689596	June 19, 2023	10 years
48. . .	A winding equipment (一種卷繞設備)	Our Company	PRC	Utility model	2023224814843	September 12, 2023	10 years
49. . .	A diaphragm valve and liquid injection equipment (一種膜塞閥及注射液設備)	Our Company	PRC	Utility model	2023226408609	September 28, 2023	10 years
50. . .	Winding mechanism and winding equipment (卷繞機構及卷繞設備)	Our Company	PRC	Utility model	2023229795764	November 3, 2023	10 years
51. . .	Take-up mechanism, automatic rewinder and cell winding machine (起頭機構、自動換卷裝置及電芯卷繞設備)	Our Company	PRC	Utility model	2023230692913	November 13, 2023	10 years
52. . .	A winding equipment (一種卷繞設備)	Our Company	PRC	Utility model	2023230815379	November 15, 2023	10 years
53. . .	Folding mechanism and cell forming machine (摺折機構及製電芯裝置)	Our Company	PRC	Utility model	2023231104139	November 16, 2023	10 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
54. . .	A cell splitting equipment (一種電 芯分拆設備)	Our Company	PRC	Utility model	2023234075956	December 14, 2023	10 years
55. . .	A electrode sheet splitting machine and cell splitting equipment (一種極 片拆分裝置及電芯 分拆設備)	Our Company	PRC	Utility model	2023234076319	December 14, 2023	10 years
56. . .	Diaphragm valve holder (膜塞閥閥 座)	Our Company	PRC	Design	2023300961992	March 6, 2023	15 years
57. . .	Diaphragm valve (膜塞閥)	Our Company	PRC	Design	2023300962001	March 6, 2023	15 years
58. . .	Stacking machine (疊片機)	Our Company	PRC	Utility model	2024200155548	January 3, 2024	10 years
59. . .	Rewinding head, drive component and rewinding mechanism for strip-shaped materials (用於帶 狀物料的換卷頭、 驅動組件及換卷機 構)	Our Company	PRC	Invention patent	201910487389X	June 5, 2019	20 years
60. . .	Cell blanking machine and winding equipment (電芯下料裝置及卷 繞設備)	Our Company	PRC	Utility model	202021399651X	July 16, 2020	10 years
61. . .	A model changing method and battery tray (一種換型方法 以及電池托盤)	Zhuhai Titan	PRC	Invention patent	2022111968133	September 28, 2022	20 years
62. . .	A disassembly machine (一種拆裝 裝置)	Zhuhai Titan	PRC	Invention patent	2022116220059	December 16, 2022	20 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
63. . .	A cleaning method and cleaning tool for a negative pressure component used in battery formation (一種電池化成用負 壓組件的清洗方法 及清洗工裝)	Zhuhai Titan	PRC	Invention patent	2022108457166	July 19, 2022	20 years
64. . .	Cleaning components, disassembly machine and formation equipment (清洗組 件、拆裝裝置和化 成設備)	Zhuhai Titan	PRC	Utility model	2022234134767	December 16, 2022	10 years
65. . .	Serial formation system (串聯化成 系統)	Zhuhai Titan	PRC	Invention patent	2020106697236	July 13, 2020	20 years
66. . .	Filtering machine, optical recording equipment and optical system (濾光裝置、光學拍 攝設備及光學系統)	Jiangsu Lida Technology Co., Ltd. (江 蘇立導科技 有限公司)	PRC	Invention patent	2018114913032	December 6, 2018	20 years
67. . .	Laminating equipment (貼合設 備)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2020102360863	March 30, 2020	20 years
68. . .	Catalyst preparation systems and its control method (催化劑的製備系統 及其控制方法)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2020116263178	December 30, 2020	20 years
69. . .	Border laminating machine (邊框貼合 裝置)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2022100433197	January 14, 2022	20 years
70. . .	CCM laminating machine (CCM貼 合裝置)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2020109341331	September 8, 2020	20 years

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	Patent	Patentee	Place of Registration	Patent Category	Patent No.	Application Date	Validity Period
71. . .	Border laminating equipment (邊框貼 合設備)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2021112278893	October 21, 2021	20 years
72. . .	Fuel cell membrane electrode assembly border preparation machine (燃料電池 膜電極邊框的製備 裝置)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2020104845303	June 1, 2020	20 years
73. . .	Pulping system and pulping method for preparation of fuel cell catalyst (用於 製備燃料電池催化 劑的製漿系統及製 漿方法)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2020106032478	June 29, 2020	20 years
74. . .	Sheet to roll laminating machine and diaphragm electrode preparation system (片卷貼合裝置及膜 電極製備系統)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2020110227290	September 25, 2020	20 years
75. . .	Fuel cell membrane electrode assembly preparation machine (燃料電池 膜電極的製作設備)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2020104737898	May 29, 2020	20 years
76. . .	Preparation system used in membrane electrode assembly (用於膜電極的製備 系統)	Jiangsu Qingdao Intelligent	PRC	Invention patent	2019114184874	December 31, 2019	20 years
77. . .	An oven (一種烘箱)	Shanghai Lead Huineng	PRC	Invention patent	2022109159554	August 1, 2022	20 years
78. . .	A lifting mechanism and stacker (一種 提升機構及堆垛機)	Guangdong Beidao	PRC	Invention patent	2019114207772	December 31, 2019	20 years

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(c) *Software copyright*

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be material to our business:

No.	Name of Copyright	Place of Registration	Registration No.	Registered Owner	Date of First Publication
1.	Lead high-speed slitting and stacking integrated machine control software V1.0 (先導高速切疊一體機控制軟件 V1.0)	PRC	2024SR1451426	Our Company	September 5, 2023
2.	Lead industrial CT offline inspection software V1.0 (先導工業CT離線檢測軟件V1.0)	PRC	2023SR1380250	Our Company	July 6, 2023
3.	Lead intelligent component data management system FDMS software V1.0 (先導智能化成分容數據管理系統FDMS 軟件V1.0)	PRC	2021SR1629617	Our Company	November 20, 2020
4.	Titan new power lithium battery intelligent manufacturing management system V3.0 (泰坦新動力鋰電池智能製造管理系統 V3.0)	PRC	2023SR0794187	Zhuhai Titan	N/A
5.	Titan new power lithium battery stacker production management system V1.0 (泰坦新動力鋰電池堆垛機生產管理系統V1.0)	PRC	2021SR1985454	Zhuhai Titan	N/A

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors’ Service Contracts and Appointment Letters

We [have entered] into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

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Save as disclosed above, none of the Directors has or is proposed to have any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

B. Remuneration of Directors

The aggregate remuneration (including fees, salaries, wages, share-based compensation, contributions to pension plans, benefits-in-kind and discretionary bonuses) for our Directors for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 were approximately RMB4.3 million, RMB7.1 million, RMB7.4 million and RMB6.7 million, respectively.

Based on the current arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration for our Directors (including independent non-executive Directors) for the year ending December 31, 2025 will be approximately RMB7.8 million. The actual total remuneration of Directors for the year ending December 31, 2025 may be different from the expected remuneration as the discretionary bonuses will be determined based on the results of our Company for the year ending December 31, 2025.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors had waived or agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 by any member of our Group to any of our Directors.

C. Disclosure of interests

Save as disclosed below, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, none of our Directors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [REDACTED] on the Hong Kong Stock Exchange.

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(i) Interest in Shares in our Company

Name	Position	Shares to be held after the [REDACTED]	Nature of interest	Number of Shares	Approximate % interest in Shares of our Company immediately after the [REDACTED]
Mr. Wang	Executive Director, chairman of the Board and general manager	A Shares A Shares	Beneficial owner Interest in controlled corporation ⁽²⁾⁽³⁾	8,836,057 497,495,646	[REDACTED]% [REDACTED]%

Notes:

- (1) The calculation is based on the assumption that the [REDACTED] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].
- (2) Lhasa Xindao is held as to 94.0% by Mr. Wang. Wuxi Yuxi is indirectly wholly-owned by Mr. Wang. Under the SFO, Mr. Wang is deemed to be interested in all the A Shares held by Lhasa Xindao and Wuxi Yuxi.
- (3) The general manager of Shanghai Zhuoao is Shanghai Yiwei, whose general partner is Ms. Ni, the spouse of Mr. Wang. Shanghai Zhuoao is indirectly held as to approximately 70.6% by Shanghai Haochang, which is in turn wholly-owned by Mr. Wang. Under the SFO, Mr. Wang, Ms. Ni, Shanghai Yiwei and Shanghai Haochang are deemed to be interested in all the A Shares held by Shanghai Zhuoao.

(ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)

Save as disclosed below and in the section headed “Substantial Shareholders” in this document, our Directors are not aware of any other person who will, immediately following completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

Member of our Group	Name of substantial shareholder	Approximate % interest
Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司)	Mr. Wang	10.58%
Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司).	Mr. Wang	10.48%
Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司)	Mr. Wang	10.45%
Wuxi Lead Advanced Technology Research and Development Partnership (Limited Partnership) (無錫先導先進技術研發合夥企業(有限合夥))	Changzhou Haituo Venture Capital Partnership (Limited Partnership) (常州海拓創業投資合夥企業(有限合夥))	49.00%

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D. Disclaimer

Save as disclosed in this section and the sections headed “Business” and “Connected Transactions” in this document:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (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 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 once the H Shares are [REDACTED];
- (b) none of our Directors or any of the experts referred to under the paragraph headed “— 5. Other Information — E. Qualification of Experts” has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (e) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

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- (f) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the [REDACTED], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, 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 any member of our Group; and
- (g) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. OUR RESTRICTED SHARE INCENTIVE SCHEMES

The following is a summary of the principal terms of the Restricted Share Incentive Schemes, which were outstanding as of the Latest Practicable Date. The terms of the Restricted Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of Restricted Shares by our Company after the [REDACTED]. Save as otherwise disclosed, the terms of each of the Restricted Share Incentive Schemes are substantially similar and are summarized below.

(i) Purpose

The purpose of the Restricted Share Incentive Schemes is to improve our Group’s long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of our Group’s key employees, align the interests of our Shareholders, our Group and our key employees and focus on the long-term development of our Group.

(ii) Administration

The Restricted Share Incentive Schemes are subject to the approval of the Shareholders’ general meeting and the administration of the Board.

(iii) Participants

The participants of the Restricted Share Incentive Schemes include Directors, senior management and key employees of our Group, excluding independent Directors.

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(iv) Source and maximum number of Shares

The Shares underlying the Restricted Share Incentive Schemes shall be A Shares purchased by our Company from the secondary market or new A Shares to be issued by our Company. Each Restricted Share granted entitles the relevant participant to purchase one A Share within the agreed period at the grant price. The Restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. The initial maximum number of Restricted Shares that can be granted under each of the Restricted Share Incentive Schemes are as follows:

Restricted Share Incentive Schemes	Initial maximum number of Restricted Shares to be granted under the relevant scheme
2021 Restricted Share Incentive Scheme	2,580,000
2022 Restricted Share Incentive Scheme	7,780,000
2023 Restricted Share Incentive Scheme	885,000
2024 Restricted Share Incentive Scheme	9,350,000
2025 Restricted Share Incentive Scheme	9,540,000

The number of Restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

(v) Date of grant and term of the Restricted Share Incentive Schemes

The date on which the Restricted Shares are granted shall be determined by the Board after approval of the Restricted Share Incentive Schemes by the shareholders’ general meeting. The grant of Restricted Shares shall be approved by the Board, registered and announced within 60 days after the date of approval of the Restricted Share Incentive Schemes by the Shareholders’ general meeting. The Restricted Share Incentive Schemes shall be effective from the date of completion of the grant of Restricted Shares under the schemes up to the date when all of the Restricted Shares granted under the schemes have been vested or canceled, provided that the term of the schemes shall not exceed 36 months, 48 months or 60 months (as the case may be).

(vi) Lock-up for Directors and senior management team

If the grantee is a Director or a senior management of our Company, during the period of the term of employment, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds. No share held by such Director or senior management can be transferred within six months after termination of his or her employment. If the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

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(vii) Conditions to the grant of Restricted Shares

The Restricted Shares under the Restricted Share Incentive Schemes will only be granted to selected participants if the following conditions are fulfilled:

- (a) with respect to our Company, none of the following circumstances having occurred:
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to our Company’s accountants’ report for the most recent fiscal year;
 - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to the internal control report contained in accountants’ report for the most recent fiscal year;
 - (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;
 - (4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or
 - (5) any other circumstances determined by the CSRC.
- (b) with respect to a grantee, none of the following circumstances having occurred:
 - (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
 - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
 - (6) any other circumstances determined by the CSRC.

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(viii) Vesting of Restricted Shares

The vesting period for Restricted Shares commences from date of grant of Restricted Shares to the grantee and the interval between the date of completion of the grant and the date of vesting of the Restricted Shares shall be twelve months. During the vesting period, the Restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt. In addition, the Restricted Shares will only be vested when (i) the conditions set out under paragraph (vii) above are fulfilled; and (ii) the annual assessment and performance targets as set out under the schemes are achieved.

The Restricted Shares will be vested after the vesting period in accordance with the vesting schedule as set out under the schemes during a period of three or four years as follows:

- (a) vested in tranches of 30%, 30% and 40% in each of the three vesting periods that occur between the first trading date after the 12-month anniversary from the date of grant and the lasting trading date up to the 48-month anniversary of the date of grant;
- (b) vested in tranches of 50% and 50% in each of the two vesting periods that occur between the first trading date after the 12-month anniversary from the date of grant and the lasting trading date up to the 36-month anniversary of the date of grant.

(ix) Grant price of Restricted Shares

The grantees shall pay the grant price upon fulfillment of all the conditions of the Restricted Shares to purchase the A Shares from our Company. The grant price of each Restricted Shares shall not be lower than the nominal value of each A Share and, in principle, shall not be lower than (as the case may be):

- (a) the higher of (1) 50% of the average trading price of the A Shares on the trading date before the announcement of the draft scheme; and (2) 50% of the average trading price of the A Shares during the 20 trading dates before the announcement of the draft scheme;
- (b) the higher of (1) 50% of the average trading price of the A Shares on the trading date before the announcement of the draft scheme; and (2) 50% of the average trading price of the A Shares during the 120 trading dates before the announcement of the draft scheme;
- (c) the higher of (1) 50% of the average trading price of the A Shares on the trading date before the announcement of the draft scheme; and (2) 50% of the average trading price of the A Shares during the 60 trading dates before the announcement of the draft scheme; or

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- (d) the higher of (1) 50% of the average trading price of the A Shares on the trading date before the announcement of the Board resolution approving the grant of Restricted Shares; (2) 50% of the average trading price of the A Shares during the 20 trading dates before the announcement of the Board resolution approving the grant of Restricted Shares; (3) 50% of the average trading price of the A Shares during the 60 trading dates before the announcement of the Board resolution approving the grant of Restricted Shares; and (4) 50% of the average trading price of the A Shares during the 120 trading dates before the announcement of the Board resolution approving the grant of Restricted Shares.

(x) Dividend and voting rights

Before the vesting of the Restricted Shares, the Restricted Shares (including the right to receive dividends) shall be locked and such Restricted Shares shall not be transferred or used to guarantee or repay debts. Upon transfer of the A Shares by our Company, the grantees of Restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

(xi) Outstanding Restricted Shares

As of the Latest Practicable Date, the total number of A Shares underlying the outstanding Restricted Shares granted under the Restricted Share Incentive Schemes amounted to 15,981,050, representing approximately [REDACTED]% of the total issued Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]).

The following table sets forth the number of outstanding Restricted Shares granted under the Restricted Share Incentive Schemes as of the Latest Practicable Date.

Name of grantee	Position in our Company	Date of grant	Number of outstanding Restricted Shares	Grant price	Approximate percentage of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
<i>RMB</i> (per A Share)					
<i>Directors and senior management</i>					
Mr. YOU Zhiliang	Executive Director	October 22, 2024	8,400	9.25	[REDACTED]%
(尤志良)		October 16, 2025	9,000	32.77	[REDACTED]%

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Name of grantee	Position in our Company	Date of grant	Number of outstanding Restricted Shares	Grant price <i>RMB (per A Share)</i>	Approximate percentage of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
Dr. YAO Yao (姚遙)	Deputy general manager and Board secretary	October 19, 2023 October 22, 2024 October 16, 2025	12,000 44,100 48,000	13.97 9.25 32.77	[REDACTED]% [REDACTED]% [REDACTED]%
Mr. NI Hongnan (倪紅南)	Deputy general manager	October 22, 2024 October 16, 2025	44,100 48,000	9.25 32.77	[REDACTED]% [REDACTED]%
Mr. SUN Jianjun (孫建軍)	Deputy general manager	October 22, 2024 October 16, 2025	44,100 48,000	9.25 32.77	[REDACTED]% [REDACTED]%
Ms. GUO Caixia (郭彩霞)	Chief Financial Officer	October 16, 2025	30,000	32.77	[REDACTED]%
Subtotal			335,700		[REDACTED]%
Other grantees					
–	Key employees	October 19, 2023	150,400	13.97	[REDACTED]%
–	Key employees	October 22, 2024	6,137,950	9.25	[REDACTED]%
–	Key employees	October 16, 2025	9,357,000	32.77	[REDACTED]%
Subtotal			15,645,350		[REDACTED]%
Total			15,981,050		[REDACTED]%

Note:

- (1) Assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED].

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC laws is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in the sections headed “Business” and “Financial Information” in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company’s results of operations or financial condition.

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C. Joint Sponsors

The Joint Sponsors have made an [REDACTED] on behalf of our Company to the [REDACTED] for [REDACTED] of, and permission to [REDACTED], the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into [REDACTED].

Each of Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and each of the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US\$300,000 to act as the sponsors of our Company in connection with the proposed [REDACTED] on the Hong Kong Stock Exchange.

D. Compliance Advisor

Our Company has appointed Red Solar Capital Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

E. Qualification of Experts

The qualification of the experts, as defined under the Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Allbright Law Offices	Legal advisor to our Company as to PRC law
Taylor Wessing	Legal advisor to our Company as to German law
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

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F. Consents of Experts

Each of the experts as referred to in “— 5. Other Information — E. Qualification of Experts” in this Appendix has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

G. 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.

H. No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since September 30, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants’ Report in Appendix I to this document, and up to the date of this document.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

J. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see “Summary of the Articles of Association — Increase, Decrease, Repurchase and Transfer of Shares — Repurchase of Shares” in Appendix V to this document.

K. Preliminary Expenses

We have not incurred any material preliminary expenses.

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L. Promoters

Within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in “Accountants’ Report — [Related Party Transactions]” in Appendix I to this document.

N. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iv) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (d) our Company has no outstanding convertible debt securities or debentures;

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- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be [REDACTED] in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (g) all necessary arrangements have been made to enable the H shares to be admitted into [REDACTED] for clearing and settlement.

O. 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).

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in the section headed “Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts” in Appendix VI to this document; and
- (b) the written consents referred to in the section headed “Statutory and General Information — 5. Other Information — F. Consents of Experts” in Appendix VI to this document.

B. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on our website at www.leadintelligent.com and on the website of the Stock Exchange at www.hkexnews.hk during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the accountants’ report from Deloitte Touche Tohmatsu, the text of which is set forth in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and the four months ended September 30, 2025;
- (d) the report from Deloitte Touche Tohmatsu on the unaudited [REDACTED] financial information of our Group, the text of which is set forth in Appendix II to this document;
- (e) the industry report issued by Frost & Sullivan referred to in the section headed “Industry Overview” in this document;
- (f) the PRC legal opinions issued by Allbright Law Offices in respect of certain general corporate matters and property interests under PRC laws;
- (g) the legal opinions prepared by Taylor Wessing, the legal advisor to our Company as to German law, in respect of certain aspects of the Group in Germany;
- (h) the material contracts referred to in the section headed “Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts” in Appendix VI to this document;

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (i) the written consents referred to in the section headed “Statutory and General Information — 5. Other Information — F. Consents of Experts” in Appendix VI to this document;
- (j) the service contracts and appointment letters referred to in the section headed “Statutory and General Information — 3. Further Information about Our Directors — A. Particulars of Directors’ Service Contracts and Appointment Letters “in Appendix VI to this document; and
- (k) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.