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Application Proof of
NSING TECHNOLOGIES INC.
國民技術股份有限公司
(the “**Company**”)

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

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NSING TECHNOLOGIES INC.

國民技術股份有限公司

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

[REDACTED]

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

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

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

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

Nominal Value : RMB1.00 per H Share

[REDACTED] : [REDACTED]

*Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED] and [REDACTED]*



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[REDACTED]

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The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See “[REDACTED]” for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed “Risk Factors.”

The [REDACTED] have not been and will not be registered under the [REDACTED] or any state securities laws of the United States and may not be [REDACTED] or sold within or to the United States, or to or for the account or benefit of any [REDACTED] (as defined in [REDACTED]), except in transactions exempt from, or not subject to, the registration requirements of the [REDACTED]. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in accordance with [REDACTED].

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

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	<i>Page</i>
EXPECTED TIMETABLE	iv
CONTENTS	vii
SUMMARY	1
DEFINITIONS	23
GLOSSARY OF TECHNICAL TERMS	36
FORWARD-LOOKING STATEMENTS	43
RISK FACTORS	46

CONTENTS

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES	79
INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]	86
DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED].	91
CORPORATE INFORMATION	96
INDUSTRY OVERVIEW.	99
HISTORY AND CORPORATE STRUCTURE	120
BUSINESS	130
FINANCIAL INFORMATION.	223
SUBSTANTIAL SHAREHOLDERS.	296
SHARE CAPITAL	297
REGULATORY OVERVIEW	300
DIRECTORS AND SENIOR MANAGEMENT.	325
FUTURE PLANS AND [REDACTED]	342
[REDACTED].	348
STRUCTURE OF THE [REDACTED]	360
HOW TO APPLY FOR [REDACTED]	370
APPENDIX I – ACCOUNTANTS’ REPORT	I-1
APPENDIX II – [REDACTED] FINANCIAL INFORMATION.	II-1
APPENDIX IIA – [REDACTED]	IIA-1
APPENDIX III – PROPERTY VALUATION REPORT.	III-1
APPENDIX IV – TAXATION AND FOREIGN EXCHANGE.	IV-1

CONTENTS

APPENDIX V	– SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS.	V-1
APPENDIX VI	– SUMMARY OF THE ARTICLES OF ASSOCIATION	VI-1
APPENDIX VII	– STATUTORY AND GENERAL INFORMATION	VII-1
APPENDIX VIII	– DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY	VIII-1

SUMMARY

This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to invest in [REDACTED].

OVERVIEW

We are a platform-based integrated circuit (“IC”) design company, and focus on delivering control chips and system solutions for a broad range of intelligent terminals. We have established diversified product offerings that are widely adopted across key sectors such as consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics. We ranked as the fifth largest Chinese companies in the global platform-based microcontroller unit (“MCU”) market, and the third largest Chinese companies in the global 32-bit platform-based MCU market, in terms of revenue in 2024, according to CIC. We ranked first in China’s MCU market with embedded commercial cryptographic algorithm modules in terms of revenue in 2024, according to CIC. We have also developed a lithium-ion battery anode material business, which has diversified our business model while driving our revenue growth during the Track Record Period. The revenue contribution by our chip products business was 38.3%, 40.2%, 47.6% and 48.4%, respectively, in each of the years/period of 2022, 2023, 2024 and the nine months ended September 30, 2025, while the revenue contribution by our lithium-ion battery anode material business was 52.5%, 50.8%, 47.1% and 47.5%, respectively, in each of the same years/period.

Since our establishment in 2000, we have gradually achieved a leap-forward development from specialized market chips to general-purpose MCUs, and further to high-end products such as edge AI computing. In 2023, we have expanded our product portfolio to include BMS chips and radio frequency (“RF”) chips, among others, which started to generate revenue in 2024. Since 2018 when we determined to become a platform-based IC design company, we have launched multiple 32-bit MCU product series based on Cortex-M0 to M7 cores and continuously optimized chip size, power consumption, and performance, achieving scenario evolution from embedded control to edge intelligence. As early as 2019, we became the first fabless IC design company to mass produce general-purpose MCU products using the 40nm eFlash process, leading a global trend of process advancement in mainstream products. This enabled significant improvements in performance and energy efficiency, strengthened our competitive position in high-performance computing and advanced control, expanded our technological footprint in key industries, and allowed us to establish a flexibly reusable, cross-sector full-stack product platform.

As core controller of intelligent terminals, MCU computility (i.e. the utility-like delivery of computing power), security, and system integration are critical technological foundations in the intelligent era. According to CIC, the global MCU market is expected to grow from

SUMMARY

approximately US\$29.9 billion in 2024 to US\$48.0 billion in 2029, with a CAGR of 9.9%. Emerging applications such as AI, robotics, new energy, and low-altitude economy (i.e. economic activities and industries centered around civil manned and unmanned aerial vehicles operating at low altitudes) will be primary drivers of this growth. In particular, the rapid development of AI and edge computing is creating strong demand for high-end MCUs with on-device inference capabilities, security algorithm processing, and superior power efficiency. Leveraging our core technologies in heterogeneous multi-core architecture, AI algorithm support, cryptographic modules, and power consumption management, our products have been well adopted in edge intelligence, energy storage control, and humanoid robotics, visionarily aligning closely with industry trends.

In addition to our chip product business, we have also developed a lithium-ion battery anode materials business. Our lithium-ion battery anode materials business was marked by artificial graphite, while also exploring across multiple technologies, including silicon-carbon composites and hard carbon architectures, with wide applications in new energy vehicles, energy storage systems, and portable devices. Our customers include leading battery manufacturers across the industry. We are also exploring the integrated application of BMS control chips and lithium-ion battery anode materials within the same customer ecosystem, offering integrated solutions with system-level efficiency optimization, safety assurance, and cost control. This renders us to build a full-stack intelligent energy control platform, enhancing our resilience and growth potential across business cycles.

OUR BUSINESS MODEL

We operate a business model across two key segments of the technology value chain: chip products and lithium-ion battery anode materials. Each business line is built upon distinct operating strategies tailored to the characteristics of the relevant industry.

- *Chip Products Business Line*

We focus on the design and sales of microcontroller units (MCUs) (including general-purpose MCUs, specialized market chips and RF chips) and BMS chips. We operate under a fabless model, concentrating on in-house IC design while outsourcing the entire manufacturing process — including wafer fabrication, packaging and testing — to foundries. In addition, we have been licensed with intellectual property (IP) modules such as embedded non-volatile memory (eNVM), standard cells, and I/O libraries (i.e. an IP database used in IC development) from ecosystem partners to accelerate design efficiency and improve product integration.

- *Lithium-ion Battery Anode Materials Business Line*

Our lithium-ion battery anode materials business involves the in-house R&D, manufacturing and sales of lithium-ion battery anode materials. Our core offering includes artificial graphite products, as well as graphitization processing services for

SUMMARY

third party clients. We manage end-to-end production, from raw material processing and formulation to final product manufacturing and customer delivery, with a focus on quality control and application-specific customization.

Through these two business models, we aim to capture long-term growth opportunities in both the semiconductor and new energy sectors, leveraging synergies in technology, customer base and supply chain operations.

See “Business — Our Business Model.”

OUR COMPETITIVE STRENGTHS

- A leading platform-based MCU IC design company with a broad and diversified product portfolio
- Extensive coverage of consumer, industrial and other diverse downstream scenarios, with forward-looking deployment in emerging strategic sectors such as AI, robotics and new energy
- Over two decades of deep expertise in building multilayered technical barriers with security, high integration, low power consumption and heterogeneous architecture
- Established overseas headquarters to enhance overseas R&D, delivery capabilities and international service system
- Visionary management and a solid core technical team to build sustainable organizational strength

See “Business — Our Competitive Strengths.”

OUR DEVELOPMENT STRATEGIES

- Focusing on strategic industries such as AI and edge computing, robotics, and industrial control to deepen chip capabilities and achieve full-scope coverage
- Focused development of advanced MCU products and peripheral products for emerging application scenarios
- Continuously stimulating innovation drivers to maintain and lead technological advancement
- Deepening deployment in the new energy sector to build an integrated ecosystem of materials and control systems

SUMMARY

- Attracting top global talents and selectively exploring acquisition opportunities

See “Business — Our Development Strategies.”

OUR PRODUCT OFFERINGS

Overview

We offer a wide variety of (i) MCUs (including general-purpose MCUs, specialized market chips and RF chips) and BMS chips under our chip products business line, and (ii) artificial graphite products and graphitization processing services under our lithium-ion battery anode material products business line.

Chip Products

We primarily focus on MCU products in our chip products business, the downstream applications of which primarily span consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics. In addition to the five traditional sectors, we are also actively expanding into emerging strategic sectors such as AI, robotics, new energy, and the low-altitude economy, and have made substantial progress in product deployment.

- **MCU products.** Our MCU products can generally be divided into three categories, namely general-purpose MCU products, specialized market chips and RF chips.
 - *General-purpose MCU products.* Our general-purpose MCU products cater to a wide range of applications, including digital energy management, robotics, AI data centers, automotive electronics, smart home appliances, industrial control, servo systems (i.e. control systems that use feedback to precisely control the position, velocity, or other parameters of a mechanical system), smart metering, security, consumer electronics, medical electronics and others.

In the field of digital energy management, typical applications of our products include energy storage, inverters, AI data center power supplies, and charging stations/chargers. In the field of smart home appliances, our products are used in refrigerators, air conditioners, washing machines, smart door locks, LED lighting and electric curtains, among others. In the field of robotics, applications range from exoskeletons (i.e. wearable devices that augment, enable, assist, or enhance motion, posture, or physical activity through mechanical interaction with and force applied to the users’ body) and humanoid robots (i.e. robots resembling the human body in shape) to cleaning robots. In the field of industrial control, our products are used in servos, variable-frequency drive programmable logic controller (“PLCs”), and encoders (i.e. sensing devices that provide feedback). In the field of consumer electronics, our products have been used in aerial photography drones, action cameras, TWS headsets and smart phones, among others. In the field of medical electronics, our products have been used in medical devices such as oximeters, blood glucose monitors, oxygen concentrators and ventilators.

SUMMARY

- *Specialized market chips.* Our specialized market chips are primarily deployed in financial payments, IoT, intelligent terminal devices, automotive electronics, e-banking, mobile payments, servers, industrial control and trusted computing.

Typical applications include wearable payment systems, smart homes, smart cities, smart industries, smart meters, smart door locks, and webcams within IoT. In automotive electronics, they are used in V2X communication, ECUs, digital keys, and car recorders. In industry, they support frequency conversion, servo systems, elevator control and PLCs. Additionally, they provide anti-counterfeiting authentication and firmware code protection for those devices.

- *RF chips.* Our RF chips are widely utilized in the industrial IoT (such as logistics tracing), as well as in wearable devices (such as smart watches), smart home (such as smart door locks) and the financial payment sector (such as Bluetooth key).
- **BMS chips.** We launched our BMS products in 2023 and started to generate revenue from such products in 2024. Our BMS chips provide crucial battery monitoring and protection to ensure safe usage and extend battery life, facilitating the design of efficient, long-lasting, and reliable battery-powered applications for our downstream customers. These BMS chips have been shipped in bulk and are primarily used in notebooks, tablet PCs, IPCs, aerial photography drones, and fire safety equipment. Furthermore, our highly reliable automotive electronics and industrial energy storage BMS chips have completed development.

Lithium-ion Battery Anode Material Products

Our lithium-ion battery anode material products include artificial graphite products that typically can be used in industries and fields including power batteries and energy storage fields. In addition to producing artificial graphites, we also utilize our graphitization processing capacity to service third-party clients when there is excess capacity.

- *Artificial graphite products.* Our artificial graphite products are used in the fields of power batteries, energy storage, fast charging products. Compared with the mainstream similar products in the market, our products excel in performance and cost-effectiveness, according to CIC.
- *Graphitization processing services.* Graphitization is the process of transforming non-graphitic carbon into graphite through heat treatment and is a key step in the production of lithium-ion battery anode materials. In addition to the production of our own artificial graphite products, we also perform graphitization processing services for third-party clients when there is excess capacity. Revenue from graphitization processing services constituted less than 15% of our revenue from the lithium-ion battery anode material products business line in any given year during the Track Record Period.

See “Business — Our Product Offerings.”

SUMMARY

Our Operational Highlights

The sales volume of our chips products increased from 136.0 million units in 2022, to 189.9 million units in 2023, further to 340.7 million units in 2024, and increased from 244.5 million units in the nine months ended September 30, 2024 to 278.2 million units in the nine months ended September 30, 2025, as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets.

The sales volume of our artificial graphite products increased from 14.0 thousand tons in 2022, to 19.6 thousand tons in 2023, and further to 26.5 thousand tons in 2024, as a result of our customers’ continuing trust in our quality products, leading to increased purchase orders; the sales volume of our graphitization processing services decreased from 2.5 thousand tons in 2022 to 1.6 thousand tons in 2023 as we prioritized our inhouse demand in 2023, but significantly increased to 6.0 thousand tons in 2024 as our annual capacity for graphitization processing was enlarged as we completed construction of production lines in 2024.

See “Business — Our Product Offerings.”

COMPETITIVE LANDSCAPE

We face competition in respect of the quality of our products, our ability to meet downstream customers’ expectations, and our experience and reputation. The principal competitive factors in our industry generally include product performance, stability and reliability, price competitiveness, marketing and sales capabilities, and brand influence.

We believe that there are high barriers for our competitors to enter into the MCU market and lithium-ion battery anode material market, which include, among other things, design efficiency, first-mover advantages, extensive product lineup, downstream customers’ recognition and collaboration with foundries or wafer channel partners. For more information on the competitive landscape of our industry, see “Industry Overview.” Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths.

SUMMARY

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily include companies principally engaged in distribution and production of electronic components, semiconductors and modular circuits as well as lithium-ion battery plants. In each year/period during the Track Record Period, revenue contributed from each of our five largest customers accounted for 41.4%, 43.4%, 46.4% and 47.8% of our total revenue in each of 2022, 2023, 2024 and in the nine months ended September 30, 2025, respectively, while the largest customer in each year/period contributed 26.0%, 29.5%, 28.8% and 31.1% of our total revenue, respectively, for the same year/period. During the Track Record Period, we generally granted a credit term ranging from 0 to 120 days to our customers. See “Business — Our Customers.”

Our suppliers primarily include companies with business operations in R&D, manufacturing or sales of wafers and relevant components and devices, packaging and testing, utility providers and suppliers of raw materials for lithium-ion battery anode material production such as needle coke and petroleum coke. In each year/period during the Track Record Period, our purchases from each of our five largest suppliers accounted for 56.3%, 41.7%, 44.3% and 53.4% of our total purchases in each of 2022, 2023, 2024 and in the nine months ended September 30, 2025, respectively, while our purchase from the largest supplier in each year/period accounted for 30.0%, 15.3%, 12.7% and 14.5% of our total purchases, respectively, for the same year/period. During the Track Record Period, our suppliers generally granted us a credit term of 0 to 90 days. See “Business — Our Suppliers.”

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this document. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to our financials, (iii) risks relating to doing business in China; and (iv) risks relating to the [REDACTED]. You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face include the following:

- Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and to expand our product mix and penetrate new markets.
- If we are unable to continuously develop our technological capabilities and improve our chip and lithium-ion battery anode material products, our products may become uncompetitive and obsolete, which may impede our ability to address the requirements in technology segments that are expected to contribute to our growth.
- The markets for our products are cyclical. Fluctuations in supply and demand in the MCU market and lithium-ion battery anode materials market, as well as the prices of such products, may adversely affect our business, results of operations and financial condition.
- Our sales and financial performance may be influenced by seasonality.

SUMMARY

- Our products are primarily offered to downstream customers of certain industries. Factors that adversely affect these industries may have a negative impact on our business and operational results.
- A significant portion of our revenue from the lithium-ion battery anode material business was derived from a single major customer during the Track Record Period. Any decrease in sales to this customer could materially and adversely affect our business, financial condition and results of operations.
- We face substantial competition that requires us to respond rapidly to product development and pricing pressures.
- We have limited control over the operations of our distributors. Our business may be negatively affected due to risks relating to the acts of our distributors.

See “Risk Factors.”

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or our Directors. To the best knowledge of our Directors, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date. See “Business — Legal Proceedings and Compliance.”

OUR SINGLE LARGEST SHAREHOLDER

Mr. Sun is our Chairman, executive Director and general manager. As of the Latest Practicable Date, Mr. Sun was interested in approximately [2.65]% of the total issued share capital of our Company and was the single largest Shareholder of our Company. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Sun will be interested in approximately [REDACTED] of the total issued share capital of the Company. As such, the single largest Shareholder is not regarded as a “Controlling Shareholder” of our Company as defined under the Listing Rules.

SUMMARY

SUMMARY OF KEY FINANCIAL INFORMATION

The summary historical financial information set forth below have been derived from, and should be read in conjunction with, our audited financial statements, including the accompanying notes, set forth in the Accountants’ Report attached as Appendix I to this document, as well as the information set forth in “Financial Information.” Our financial information was prepared in accordance with IFRS Accounting Standards.

Description of Major Components of Our Results of Operations

The following table sets forth a summary of our statements of profit or loss and other comprehensive income, with line items in absolute amounts and as a percentage of our revenue for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Revenue	1,195,411	100.0	1,036,753	100.0	1,167,550	100.0	820,994	100.0	958,315	100.0
Cost of sales	(769,391)	(64.4)	(1,018,742)	(98.3)	(985,158)	(84.4)	(665,459)	(81.1)	(775,629)	(80.9)
– Cost of sales of goods and services	(751,676)	(62.9)	(895,311)	(86.4)	(932,159)	(79.9)	(660,358)	(80.5)	(770,719)	(80.4)
– Write-down of inventories	(17,715)	(1.5)	(123,431)	(11.9)	(52,999)	(4.5)	(5,101)	(0.6)	(4,910)	(0.5)
Gross profit	426,020	35.6	18,011	1.7	182,392	15.6	155,535	18.9	182,686	19.1
Other income	52,248	4.4	41,327	4.0	56,695	4.9	42,023	5.1	26,196	2.7
Other gains and losses .	65,652	5.5	(143,807)	(13.9)	(46,440)	(4.0)	(22,395)	(2.7)	(1,808)	(0.2)
Impairment losses under ECL model, net of reversal	144	–	(5,457)	(0.5)	(436)	–	(5,259)	(0.6)	(4,272)	(0.4)
Selling expenses	(61,791)	(5.2)	(43,615)	(4.2)	(43,788)	(3.8)	(28,307)	(3.4)	(33,704)	(3.5)
Administrative expenses	(157,389)	(13.2)	(115,626)	(11.2)	(162,834)	(13.9)	(126,187)	(15.4)	(76,851)	(8.0)
Research and development expenses	(295,316)	(24.7)	(284,737)	(27.4)	(186,831)	(16.0)	(137,329)	(16.7)	(120,082)	(12.6)
Finance costs	(37,377)	(3.1)	(70,016)	(6.8)	(67,842)	(5.8)	(52,262)	(6.4)	(58,304)	(6.1)

SUMMARY

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Loss before taxation	(7,809)	(0.7)	(603,920)	(58.3)	(269,084)	(23.0)	(174,181)	(21.2)	(86,139)	(9.0)
Income tax	(11,121)	(0.9)	9,930	1.0	13,360	1.1	8,157	1.0	10,393	1.1
Loss for the										
year/period	(18,930)	(1.6)	(593,990)	(57.3)	(255,724)	(21.9)	(166,024)	(20.2)	(75,746)	(7.9)
– Owners of the										
Company	(32,485)	(2.7)	(571,524)	(55.1)	(235,342)	(20.2)	(149,354)	(18.2)	(73,740)	(7.7)
– Non-controlling										
interests	13,555	1.1	(22,466)	(2.2)	(20,382)	(1.7)	(16,670)	(2.0)	(2,006)	(0.2)
Other comprehensive										
income (expense) for										
the year/period, net of										
income tax	13,122	1.1	1,024	0.1	(1,051)	(0.1)	159	–	(466)	–
Total comprehensive										
expense for the										
year/period	(5,808)	(0.5)	(592,966)	(57.2)	(256,775)	(22.0)	(165,865)	(20.2)	(76,212)	(7.9)
Loss per share										
– Basic in RMB	(0.06)	N/A	(1.00)	N/A	(0.40)	N/A	(0.26)	N/A	(0.13)	N/A
– Diluted in RMB	(0.06)	N/A	(1.00)	N/A	(0.40)	N/A	(0.26)	N/A	N/A	N/A

Non-IFRS Measure

To supplement our historical financial information which are presented in accordance with IFRS Accounting Standards, we use a non-IFRS measure as additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted by adding back share-based payments relating to a share incentive scheme we adopted in 2021 and a share incentive scheme launched by Inner Mongolia Sinuo New Material Technology Co., Ltd. (內蒙古斯諾新材料科技有限公司, “Inner Mongolia Sinuo”), our non-wholly owned subsidiary, in 2022, which is non-cash in nature.

We believe that this measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure 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 reconciles our adjusted net profit (loss) (a non-IFRS measure) for the year or period presented to loss for the year or 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
Loss for the year/period .	(18,930)	(593,990)	(255,724)	(166,024)	(75,746)
Add:					
Share-based payments . . .	138,088	3,332	63,988	63,988	—
Adjusted net profit (loss)					
(non-IFRS measure) . .	<u>119,158</u>	<u>(590,658)</u>	<u>(191,736)</u>	<u>(102,036)</u>	<u>(75,746)</u>

Revenue by Business Line

During the Track Record Period, we generated our revenue primarily from (i) sales of chip products, (ii) sales of lithium-ion battery anode material products and graphitization processing services, and (iii) other products and services primarily including leasing of real properties, sales of smart door lock SoC and solutions, sales of auxiliary materials and tailings of graphite products and provision of technical services. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as a percentage of our revenue, for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Sales of chip products . .	458,236	38.3	417,141	40.2	555,724	47.6	399,961	48.7	463,912	48.4
Sales of lithium-ion battery anode material products and graphitization processing services . .	627,337	52.5	526,892	50.9	549,421	47.1	377,392	46.0	455,048	47.5
Others ^(Note)	109,838	9.2	92,720	8.9	62,405	5.3	43,641	5.3	39,355	4.1
Total	<u>1,195,411</u>	<u>100.0</u>	<u>1,036,753</u>	<u>100.0</u>	<u>1,167,550</u>	<u>100.0</u>	<u>820,994</u>	<u>100.0</u>	<u>958,315</u>	<u>100.0</u>

Note: Others primarily including leasing of real properties, sales of smart door lock SoC, smart door lock motherboards and solutions for smart door lock installation, sales of auxiliary materials in our production and tailings of graphite products (by-products from production), which have a high calorific value and could be used for different industries including, among others, steel-making and power generation, and provision of technical services.

SUMMARY

See “Financial Information — Discussion of Results of Operations — Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024 — Revenue”, “Financial Information — Discussion of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 — Revenue” and “Financial Information — Discussion of Results of Operations — Year Ended December 31, 2023 Compared to Year Ended December 31, 2022 — Revenue” for detailed discussions of fluctuations of revenue in the relevant years/periods.

Revenue by Geographical Location

The following table sets forth a breakdown of our revenue by geographical location, determined by the location of our customers, in absolute amounts and as a percentage of our revenue, for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Chinese Mainland	1,121,650	93.8	1,022,274	98.6	1,135,845	97.3	798,340	97.2	946,611	98.8
Overseas ⁽¹⁾	73,761	6.2	14,479	1.4	31,705	2.7	22,654	2.8	11,704	1.2
Total	1,195,411	100.0	1,036,753	100.0	1,167,550	100.0	820,994	100.0	958,315	100.0

Note:

1. Our overseas revenue in the Track Record Period was primarily generated from Hong Kong of China and South Korea.

Our revenue from Chinese Mainland contributed a significant proportion of our total revenue during the Track Record Period, accounting for 93.8%, 98.6%, 97.3% and 98.8% of our revenue in 2022, 2023, 2024 and in the nine months ended September 30, 2025, respectively. Our revenue generated from overseas in 2022 was higher than 2023 and 2024, primarily attributable to our sales of chips to a new customer in South Korea in 2022.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

SUMMARY

The following table sets forth a breakdown of gross profit and gross profit margin by business line for the years or 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'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales of chip products	205,519	44.9	36,066	8.6	132,457	23.8	121,402	30.4	140,419	30.3
Sales of lithium-ion battery anode material products	162,583	25.9	(49,107)	(9.3)	27,003	4.9	9,944	2.6	21,956	4.8
Others	57,918	52.7	31,052	33.5	22,932	36.7	24,189	55.4	20,311	51.6
Total	426,020	35.6	18,011	1.7	182,392	15.6	155,535	18.9	182,686	19.1

Our gross profit decreased from RMB426.0 million in 2022 to RMB18.0 million in 2023, while our gross profit margin decreased from 35.6% in 2022 to 1.7% in 2023, primarily due to the impact of the changes of global MCU market since 2022 and lithium-ion battery anode materials market, which experienced a decrease of product selling price since 2023 due to the temporary over-supply in the market, as a result of which we made a significant amount of write-down of inventories in 2023. As we have taken various measures including controlling raw materials and manufacturing costs, expanding into new markets and developing new customers, our gross profit margin bounced back to RMB182.4 million in 2024, with a significantly improved gross profit margin of 15.6%. Our gross profit increased from RMB155.5 million in the nine months ended September 30, 2024 to RMB182.7 million in the nine months ended September 30, 2025, while our gross profit margin improved from 18.9% to 19.1% over the same period, primarily driven by the continued growth in our product sales.

SUMMARY

The following table sets forth a breakdown of gross profit and gross profit margin by business line for the years or periods before write-down of inventories 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'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales of chip products	212,541	46.4	112,689	27.0	170,639	30.7	121,407	30.4	140,419	30.3
Sales of lithium-ion battery anode material products and graphitization processing services	171,452	27.3	(2,940)	(0.6)	40,527	7.4	14,895	3.9	26,866	5.9
Others	59,742	54.4	31,693	34.2	24,225	38.8	24,334	55.8	20,311	51.6
Subtotal/Overall	443,735	37.1	141,442	13.6	235,391	20.2	160,636	19.6	187,596	19.6
Write-down of inventories	(17,715)	N/A	(123,431)	N/A	(52,999)	N/A	(5,101)	N/A	(4,910)	N/A
Total/Overall	426,020	35.6	18,011	1.7	182,392	15.6	155,535	18.9	182,686	19.1

Loss for the Year/Period

Our loss for the year increased from RMB18.9 million in 2022 to RMB594.0 million in 2023, primarily due to the decrease of gross profit in 2023 for the reasons as explained above. Our loss for the year decreased from RMB594.0 million in 2023 to RMB255.7 million in 2024, and our loss for the period decreased from RMB166.0 million in the nine months ended September 30, 2024 to RMB75.7 million for the same period in 2025, primarily attributable to the increase of gross profit as illustrated above. In addition, we constantly further improved our operating efficiency during the Track Record Period, with our operating expenses ratio (dividing the sum of selling, administrative and research and development expenses by revenue) continuing to decline, being 43.1%, 42.8%, 33.7% and 24.1% in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, which also contributed to our narrowed loss for the year/period after 2023.

SUMMARY

See “Financial Information — Description of Major Components of our Results of Operations — Gross Profit and Gross Profit Margin” and “Financial Information — Discussion of Results of Operations.”

Summary of Statements of Financial Position

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total non-current assets	1,520,898	1,828,301	1,985,255	1,981,867
Total current assets	2,192,836	1,974,279	1,727,682	1,583,981
Total non-current liabilities .	691,683	1,300,300	1,093,298	973,927
Total current liabilities	1,278,240	1,256,778	1,566,877	1,615,418
Net current assets				
(liabilities)	914,596	717,501	160,805	(31,437)
Net assets	1,743,811	1,245,502	1,052,762	976,503

See “Financial Information — Discussion of Certain Items of Statements of Financial Position.”

Our net current assets decreased from December 31, 2022 to December 31, 2023, primarily due to a decrease in our inventories and a decrease in financial assets at FVTPL. Our net current assets decreased from December 31, 2023 to December 31, 2024, primarily due to decrease in our cash and cash equivalents and an increase in our trade and other payables. We recorded a change from a net current assets position as of December 31, 2024 to a net current liabilities position as of September 30, 2025, primarily due to a decrease in our cash and cash equivalent and an increase in our borrowings due within one year.

Our net assets decreased from December 31, 2022 to December 31, 2023, primarily due to loss for the year and partially offset by treasury shares transferred to grantees. Our net assets decreased from December 31, 2023 to December 31, 2024, primarily due to loss for the year and partially offset by share-based payments. Our net assets remained stable from December 31, 2024 to September 30, 2025.

SUMMARY

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our statements of cash flows for the years or periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash used in					
operating activities	(640,657)	(122,357)	(121,333)	(182,260)	(49,673)
Net cash used in investing					
activities	(141,372)	(169,857)	(182,941)	(128,361)	(121,818)
Net cash generated from					
(used in) financing					
activities	<u>868,799</u>	<u>497,404</u>	<u>(96,557)</u>	<u>(108,073)</u>	<u>(1,948)</u>
Net increase (decrease)					
in cash and cash					
equivalents	86,770	205,190	(400,831)	(418,694)	(173,439)
Effect of foreign					
exchange rate changes .	871	(271)	(2,028)	(873)	(356)
Cash and cash equivalents					
at beginning of the					
year/period	<u>471,964</u>	<u>559,605</u>	<u>764,524</u>	<u>764,524</u>	<u>361,665</u>
Cash and cash					
equivalents at end of					
the year/period	<u>559,605</u>	<u>764,524</u>	<u>361,665</u>	<u>344,957</u>	<u>187,870</u>

We recorded net cash used in operating activities during the Track Record Period primarily due to our operating losses. We recorded loss before taxation of RMB7.8 million, RMB603.9 million, RMB269.1 million, RMB174.2 million and RMB86.1 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The fluctuation of our loss before taxation was primarily due to the fluctuation of our gross profit impacted by the change of market price of MCU and lithium-ion battery anode materials and the various measure we have taken to mitigate such impact, control cost and expenses, improve gross profit margin and enhance operational efficiency during the Track Record Period.

See “Financial Information — Liquidity and Capital Resources — Summary of Consolidated Statements of Cash Flows.”

SUMMARY

Summary of Key Financial Ratios

The following table sets forth certain of our key financial ratios as of and for the years or period or as of the respective dates indicated:

	As of and for the year ended December 31,			As of and for nine months ended September 30,
	2022	2023	2024	2025
R&D intensity	23.7%	32.2%	23.3%	17.1%
Current ratio	1.7	1.6	1.1	1.0
Quick ratio	1.0	1.1	0.7	0.6
Net debt to equity	33.2%	70.2%	116.9%	149.5%

R&D Intensity

Our R&D intensity is calculated by dividing R&D expenditures (including R&D expenditures capitalized and expensed, excluding share-based payments) by revenue.

Our R&D intensity exceeded 17% during the Track Record Period. The increase in 2023 was primarily as we initiated a number of R&D projects of high-end, high-performance chip products in 2022, and our investments in such projects increased in 2023. The decrease for the nine months ended September 30, 2025 was primarily due to the completion of several major R&D projects, which were successively advanced into the tape-out stage (being the process of converting an IC design into a chip for pilot production or manufacturing) in 2024, as well as the varying levels of investment required at different stages of our high-end, high-performance chip development projects.

Current Ratio and Quick Ratio

The calculation of current ratio is based on current assets divided by current liabilities as of the year end. Our quick ratio is calculated by our current assets less inventories divided by our current liabilities as of the year end.

Our current ratio remained relatively stable at 1.7 in 2022 and 1.6 in 2023, respectively, and decreased to 1.1 in 2024 and further remained relatively stable at 1.0 as of September 30, 2025 primarily due to the decrease in current assets and increase in current liabilities.

Our quick ratio remained relatively stable at 1.0 in 2022 and 1.1 in 2023, respectively, and decreased to 0.7 in 2024 and further remained relatively stable at 0.6 as of September 30, 2025 primarily due to the decrease of current assets less inventories and increase in current liabilities.

SUMMARY

Net debt to equity ratio

Our net debt to equity ratio increased from 33.2% in 2022 to 70.2% in 2023, and further increased to 116.9% in 2024 primarily due to drawdown of bank loans financing the Group’s operation including research and development activities as well as making capital investments such as acquisition of plant and equipment for the new production plant. As at September 30, 2025, our net debt to equity ratio increased to 149.5% for the same reasons.

BUSINESS SUSTAINABILITY

Our revenue came from two businesses: chip products and lithium-ion battery anode materials. According to CIC, the global MCU chip market has rapidly increased from US\$19.8 billion in 2019 to US\$29.9 billion in 2024, with a CAGR of 8.6%, and the global lithium-ion battery anode material market has increased from 0.4 million tons in 2019 to 2.2 million tons in 2024, with a CAGR of 40.6%. However, affected by the industry cycle, the two industries have also experienced certain ups and downs. Among them, the global MCU chip market, due to the fluctuation of wafer production capacity and increase in market demand in 2021, experienced excessive growth in the prices of mid-to-high-end chips. Since 2023, the chip market gradually returned to supply and demand balance, resulting in a decline in chip prices. Meanwhile, due to the excess production capacity of downstream lithium-ion battery batteries since the fourth quarter of 2022, the global lithium-ion battery anode material market also experienced a rapid decline in prices. On the other hand, in order to continuously enhance the core competitiveness of our products, to enrich our product lines, and especially to accelerate the rollout of new products such as high-performance MCUs and BMS chips, we have maintained a high level of R&D investment. The combination of the above factors, namely industry fluctuations, price pressures, and sustained R&D investment, resulted in our operating losses.

To confront with temporary adverse fluctuations in the industry during the Track Record Period, we have adopted measures to reduce the related adverse effects, maintain the growth momentum of the sales of chips and lithium-ion battery anode material products to drive our business growth, and effectively control cost of sales and operating expenses, which enabled us to gradually enhance gross profit and narrow net losses. Our primary strategies include: (i) maintaining our business and revenue growth momentum by (1) enhancing product competitiveness through adjusting product mix, entering into new application areas and continuous technological innovation, (2) continuing to maintain good relationships with and further discover more value of existing customers, and (3) actively developing new customers in China and overseas markets; (ii) controlling cost of sales and operating expenses, improving operational efficiency, so as to further improve gross profit margin and net profit margin; and (iii) further improving operating cash flow by further accelerating inventory turnover, strengthening the collection of trade receivables, and optimizing trade payables management. As the price of MCU and that of lithium-ion battery anode materials were still decreasing in 2023 and 2024, despite the sales volume and revenue increased, our gross profit margin in 2024 remained lower than the level of 2022.

SUMMARY

In the future, we expect to primarily continue the implementation of these strategies to maintain the sustainability of our business, and to adjust specific measures in a timely manner based on the evolvement of market conditions and our business developments.

Furthermore, according to CIC, after the market volatility of the past few years, the price of MCU is expected to stabilize starting from 2025 and gradually go upwards in the foreseeable future, and the market price of sub-categories of lithium-ion battery anode materials either decreased at a slower pace or slightly increased in the nine months ended September 30, 2025 after years of decapacity stage, and it is anticipated that the price will likely continue to increase as the market is entering the peak season for sales and stocking for downstream customers. Furthermore, as further elaborated below, the government has also continuously introduced favorable policies conducive to the stable development of the market according to CIC.

Leveraging the above strategies and benefiting from positive market changes, the Company believes that it will be able to gradually improve profit margins and achieve net profit breakeven in the near future.

See “Business — Business Sustainability.”

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

Our A Shares are currently listed on the ChiNext Market of the Shenzhen Stock Exchange. We are seeking a [REDACTED] of [REDACTED] on the Hong Kong Stock Exchange in order to utilize the overseas financing platform to enhance our international profile, enhance our market recognition, attract equity investment through a recognized international stock exchange, and ultimately to maximize Shareholder value and support our capital structure optimization. See “Future Plans and [REDACTED]” and “Business” for further details.

Since January 1, 2023 and up to the Latest Practicable Date, our Directors confirmed that we have complied with all laws and regulations, in all material respects, applicable to its A-share listing and, to the best knowledge of our Directors having made all reasonable enquiries (including the opinion from our PRC Legal Advisers), there were no material matters that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange during the same period.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since September 30, 2025, and there has been 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.

SUMMARY

We expect to record net losses for 2025, primarily taking into account our net losses in the nine months ended September 30, 2025, the impact of the historical price pressures relating to our products, and our expectation to incur R&D expenses to maintain and enhance the competitiveness of our products and other operating expenses to facilitate our business expansion.

Impact of COVID-19

Since the end of December 2019, the COVID-19 pandemic has had a significant adverse impact on the global economy. In response, countries and regions around the world, including Chinese Mainland, have implemented a variety of measures to curb the spread of the virus, including social distancing, travel restrictions, quarantine, and remote work.

We consider that the COVID-19 pandemic did not have any material adverse impact on our overall business and financial condition during the Track Record Period and up to the Latest Practicable Date. Such assessment was primarily based on the following considerations: (i) we did not experience any difficulty in obtaining timely and sufficient supplies; (ii) we did not experience any significant disruption in the production or delivery of our products and services to our customers, with only a few batches of products delivered to several small customers delayed for one to two weeks during the pandemic; and (iii) we did not experience any significant labor shortages due to the COVID-19 pandemic. As the COVID-19 outbreak has subsided since early 2023, we do not expect any further significant impact from COVID-19 going forward.

[REDACTED] STATISTICS

	Based on an [REDACTED] of [REDACTED] per H Share	Based on an [REDACTED] of [REDACTED] per H Share
[REDACTED] of our H Shares ⁽²⁾	[REDACTED]	[REDACTED]
[REDACTED] of our Shares ⁽³⁾	[REDACTED]	[REDACTED]
[REDACTED] adjusted net consolidated tangible assets per Share ⁽⁴⁾	[REDACTED]	[REDACTED]

Notes:

- (1) All statistics in the table are based on the assumption that the [REDACTED] is not exercised.
- (2) The calculation of [REDACTED] of our H Shares is based on [REDACTED] H Shares expected to be issued immediately following the completion of the [REDACTED].
- (3) The calculation of [REDACTED] of our Shares is based on the assumption that [REDACTED] H Shares will be in issue immediately after completion of the [REDACTED] and [REDACTED] A Shares will be in issue immediately after completion of the [REDACTED] with an average closing price of the Company for the five trading days on and immediately preceding the Latest Practicable Date at [REDACTED] (or approximately [REDACTED]) per A Share.

SUMMARY

- (4) The [REDACTED] adjusted net tangible assets per Share is arrived at after adjustments referred to in “Appendix II – [REDACTED] Financial Information” in this Document

DIVIDENDS

No dividend had been paid or declared by our Company during the Track Record Period, as we have incurred net losses and did not have distributable profit during the period. There is no assurance that dividends of any amount will be declared or be distributed in any year. We have a dividend policy in compliance with the PRC laws and regulations. Pursuant to our Articles of Association, in principle, the amount of the dividends distributed in cash each year should not be less than 10% of the distributable profits that are available for distribution in that year, the amount of the dividends distributed in cash in every three years should be at least 30% of our profits for these three years that are available for distribution, subject to certain specified conditions. As confirmed by our PRC Legal Advisors, we have not breached the provisions in our Articles of Association in relation to dividend distribution during the Track Record Period and our Articles of Association is in compliance with all applicable PRC laws and regulations. After the completion of the [REDACTED], our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, financial conditions, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders’ approval. See “Financial Information — Dividends.”

FUTURE PLANS AND [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately [REDACTED], assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED] stated in this document), after deducting the [REDACTED] and estimated expenses paid or payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised.

In line with our strategies, we intend to apply the net [REDACTED] from the [REDACTED] for the following purposes and in the amounts set forth below:

- approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to enhance our research and development capabilities, develop new product lines and improve product performance including our high-performance MCUs, multi-protocol communication chips, specialized market chips and automotive-grade chips among others.
- approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to upgrade our existing product portfolio.

SUMMARY

- approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to conduct strategic investments and acquisitions.
- approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to repay part of our outstanding bank loans.
- approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used for working capital and other general corporate purposes.

See “Future Plans and [REDACTED].”

[REDACTED] EXPENSES

Based on the [REDACTED] of [REDACTED] per Share, the total estimated [REDACTED] expenses in relation to the [REDACTED] are [REDACTED] ([REDACTED]), assuming the [REDACTED] is not exercised, which constitute approximately [REDACTED] of the gross [REDACTED]. The [REDACTED] expenses we incurred during the Track Record Period and expected to be charged to equity (relating to [REDACTED] expenses directly attributable to the issue of share) was [REDACTED]. Approximately [REDACTED] ([REDACTED]) of the total [REDACTED] expenses is expected to be charged to our consolidated statements of profit or loss, and approximately [REDACTED] ([REDACTED]) is expected to be charged to equity (relating to [REDACTED] expenses directly attributable to the issue of shares). Our total [REDACTED] expenses consist of (i) [REDACTED] expenses of [REDACTED] ([REDACTED]); and (ii) [REDACTED] expenses of [REDACTED] ([REDACTED]), including (a) fees payable to our legal advisors and Reporting Accountants of [REDACTED] ([REDACTED]) and (b) other fees and expenses, including sponsors fees and the fees of other professional parties, of [REDACTED] ([REDACTED]). The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] WITH THE CSRC

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies 《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”) and relevant supporting guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, domestic companies issuing and listing overseas shall file with the CSRC, submit [REDACTED] reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain the shareholders’ information. Where a domestic company submits an application for [REDACTED] to the competent overseas regulators, such domestic company shall file with the CSRC within three business days after such application is submitted.

We have submitted a [REDACTED] to the CSRC to apply for the [REDACTED] on [REDACTED]. The CSRC has published a notification on [REDACTED] confirming we have completed of the [REDACTED] procedures.

DEFINITIONS

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

“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are listed for trading on the Shenzhen Stock Exchange ChiNext Market
“A Shareholder(s)”	holder(s) of the A Share(s)
“Accountants’ Report”	the accountant’s report for the Track Record Period of our Company, details of which is set out in Appendix I to this document
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix VI to this document
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“BIS”	the Bureau of Industry and Security of the U.S. Department of Commerce
“Board” or “Board of Directors”	our board of Directors
“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]

“Chairman”	chairman of our Board

DEFINITIONS

“China”, “Chinese Mainland” or “the PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“CIC”	China Insights Industry Consultancy Limited, a global market research and consulting company, which is an Independent Third Party
“CIC Report”	an independent market research report commissioned by us and prepared by CIC for the purpose of this document
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”, “we” or “us”	NSING TECHNOLOGIES INC. (國民技術股份有限公司), a company established as a limited liability company in the PRC on March 20, 2000, the A Shares of which are listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300077). The Company changed its English name from Nations Technologies Inc. to NSING TECHNOLOGIES INC. on September 9, 2025
“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)

DEFINITIONS

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

[REDACTED]

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

“EAR” United States Export Administration Regulations, 15 C.F.R. Parts 730–774

“EIT Law” the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Extreme Conditions” the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

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

DEFINITIONS

“Guide” the Guide for New Listing Applicants, as published by the Stock Exchange, as amended or supplemented or otherwise modified from time to time

“H Share(s)” ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [REDACTED]

“H Shareholder(s)” holder(s) of H Share(s)

[REDACTED]

“HKICPA” Hong Kong Institute of Certified Public Accountants

[REDACTED]

DEFINITIONS

[REDACTED]

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

“Hong Kong dollar(s)” or “HKD” or “HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong

[REDACTED]

“Hubei Sinuo” Hubei Sinuo New Material Technology Co., Ltd. (湖北斯諾新材料科技有限公司), a company established as a limited liability company in the PRC on March 24, 2022 and an indirect non-wholly owned subsidiary of our Company

“IFRS Accounting Standards” IFRS Accounting Standards as issued by the International Accounting Standards Board

DEFINITIONS

“Independent Third Party(ies)” individual(s) or company(ies) which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is/are not our connected persons

“Inner Mongolia Sinuo” Inner Mongolia Sinuo New Material Technology Co., Ltd. (內蒙古斯諾新材料科技有限公司), a company established as a limited liability company in the PRC on March 30, 2016 and a direct non-wholly owned subsidiary of our Company

[REDACTED]

“International Sanctions” all applicable laws and regulations, as amended and supplemented from time to time, related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the Relevant Jurisdictions

“International Sanctions Legal Advisor” Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo, our legal advisor as to International Sanctions laws in connection with the [REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

“IP”	intellectual property
“Latest Practicable Date”	[December 22], 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM (formerly known as the Growth Enterprise Market) of the Stock Exchange
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Sun”	Mr. Sun Yingtong (孫迎彤), our Chairman, executive Director, general manager and our Single Largest Shareholder

DEFINITIONS

“NDRC”	the National Development and Reform Commission of the State Council of the PRC (中華人民共和國國家發展和改革委員會)
“NEV”	new energy vehicle
“Nomination Committee”	the nomination committee of our Board
“NSING”	NSING TECHNOLOGIES PTE. LTD, (formerly known as Nations Innovation Technologies Pte. Ltd.), a company established as a private company limited by shares on February 1, 2018 and a direct wholly-owned subsidiary of our Company
“OFAC”	the United States Treasury Department’s Office of Foreign Assets Control, the principal U.S. regulator implementing and enforcing U.S. international sanctions programs and policies

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
“PRC Legal Advisors”	Han Kun Law Offices, our legal advisor as to PRC laws in connection with the [REDACTED]

[REDACTED]

DEFINITIONS

“Primary Sanctioned Activity” any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by a listing applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation

“Nsing Qianhai” Shenzhen Qianhai Nsing Industrial Investment Co., Ltd. (深圳前海國民產業投資有限公司), a company established as a limited liability company in the PRC on August 13, 2015 and a direct wholly-owned subsidiary of our Company

[REDACTED]

“Relevant Activities” business activities of the Group during the Track Record Period involving China, Hong Kong, the United States, Singapore, Taiwan, Estonia, Korea, and Japan

“Relevant Jurisdictions” the U.S., the EU and the United Nations

[REDACTED]

“Remuneration and Appraisal Committee” the remuneration and appraisal committee of our Board

“Renminbi” or “RMB” Renminbi, the lawful currency of the PRC

“Reporting Accountants” Deloitte Touche Tohmatsu, our reporting accountant

“SAFE” the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

“SAMR” the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

DEFINITIONS

“Sanctioned Country”	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction
“Sanctioned Target”	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
“Secondary Sanctionable Activity”	certain activity by a listing applicant that may result in the imposition of sanctions against the Relevant Persons by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the listing applicant is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“Nsing Shenzhen”	Nsing Technology (Shenzhen) Co., Ltd. (國民科技(深圳)有限公司), a company established as a limited liability company in the PRC on March 10, 2009 and a direct wholly-owned subsidiary of our Company
“Singapore Legal Advisor”	Incisive Law LLC, our legal advisor as to Singapore laws in connection with the [REDACTED]
“Single Largest Shareholder”	refers to Mr. Sun

DEFINITIONS

[REDACTED]

“Sole Sponsor” CITIC Securities (Hong Kong) Limited

[REDACTED]

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

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Strategic Committee” the strategic committee of our Board

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules

“Takeovers Code” the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time

“Track Record Period” the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025

[REDACTED]

DEFINITIONS

“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollar(s)” or “USD” or “US\$”	United States dollar(s), the lawful currency of the United States

[REDACTED]

“VAT”	value-added tax; all amounts are exclusive of VAT in this document except where indicated otherwise

Unless the content otherwise requires, references to “2022”, “2023” and “2024” in this document refer to our financial year ended December 31 of such year, respectively.

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

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 Company and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“ADC”	analog-to-digital converter, an important component when it comes to dealing with digital systems communicating with real-time signals, used to convert conditioned analog signals into a stream of digital data so that the data acquisition system can process them for display, storage, and analysis;
“advanced encryption standard” or “AES”	a highly trusted encryption algorithm used to secure data by converting it into an unreadable format without the proper key;
“AEC”	Automotive Electronics Council, an organization originally established in the 1990s by Chrysler, Ford, and GM for the purpose of establishing common part-qualification and quality-system standards;
“AEC-Q”	Automotive Electronic Council qualification standard, which is derived by AEC component technical committee to electrical components and their qualification requirement;
“AEC-Q100”	AEC-Q100 standard, a set of rigorous requirements and tests that electronic components must pass to ensure their suitability for use in automotive applications. The AEC-Q100 standard is widely recognized and adopted in the automotive industry and is an important consideration in the design and manufacturing of electronic components for automotive applications;
“AFE”	analog front end, a circuit block used to interface sensors with digital processors by conditioning and converting analog signals;
“AI”	artificial intelligence, simulation of human intelligence processes by machines, especially computer systems;

GLOSSARY OF TECHNICAL TERMS

“artificial graphite”	artificial graphite, also known as synthetic graphite, is a manufactured form of graphite produced through high-temperature treatment of carbonaceous materials. It’s a crystalline form of carbon with a unique structure that makes it useful in various applications, including battery technology and heat dissipation;
“automotive-grade”	meet the automotive grade standard AEC-Q certification applied to automotive components. In order to improve the stability and standardization of automotive electronics, AEC established the AEC-Q series of automotive on-board electronic components test standards, of which AEC-Q100, AEC-Q101, AEC-Q200 is the most common, and has now become a recognized automotive components downstream original equipment manufacturers usually require suppliers to have their products tested by their own or third-party testing organizations to confirm their compliance with the AEC-Q reliability test standards;
“AVAS”	acoustic vehicle alerting system, a system that emits sound from electric vehicles to alert pedestrians;
“battery management system” or “BMS”	battery management system is a technology dedicated to the oversight of a battery pack, which is an assembly of battery cells, electrically organized in a row x column matrix configuration to enable delivery of targeted range of voltage and current for a duration of time against expected load scenarios;
“BGA”	all grid array, is a type of surface-mount packaging used for integrated circuits to permanently mount devices such as microprocessors;
“CAN”	controller area network, a robust communication protocol widely used in vehicles for real-time communication between electronic control units. It’s known for its high reliability and ability to handle harsh electromagnetic interference;

GLOSSARY OF TECHNICAL TERMS

“chip”	a circuit required transistors, resistors, capacitors and inductors and wiring interconnections together, made in a small piece or several small pieces of semiconductor wafers or dielectric substrate, and then encapsulated in a shell, become a micro-structure with the required circuit function (i.e., integrated circuits), a large number of micro-structures will be placed in the aforementioned on a piece of plastic substrate to form a chip in order to achieve specific functions;
“chip packaging”	the final stage of semiconductor manufacturing in which a fabricated chip is enclosed and connected to external components. Often discussed together with chip testing as part of “packaging and testing”;
“chip testing”	a test of the electrical parameters of the chip, each chip in the wafer being tested in order to remove defective parts to reduce the cost of subsequent packaging;
“cloud”	the computers and connections that support cloud computing;
“Commercial cryptographic algorithms” or “Commercial Secret”	a general term for a series of cryptographic technologies and cryptographic products used for commercial information (non-state confidential information) in the PRC. Common algorithms include SM2, SM3, SM4 and SM9;
“DC”	direct current, a one-directional flow of electric charge;
“DES”	data encryption standard, a symmetric-key algorithm for the encryption of digital data;
“DVFS”	dynamic voltage and frequency scaling, a power management technique to adjust voltage and frequency according to workload;
“Edge AI”	artificial intelligence processing performed locally on edge devices (rather than in the cloud), enabling real-time responses and privacy-preserving computation;
“eFlash”	embedded Flash, a type of non-volatile memory embedded in semiconductor chips, used for storing firmware or program code in MCUs;

GLOSSARY OF TECHNICAL TERMS

“fabless”	the development, design and sale of semiconductor chips while outsourcing their wafer fabrication, packaging and testing services to a specialized manufacturer called a semiconductor foundry;
“foundry”	a manufacturer specializing in the production, packaging and testing of chips in the field of integrated circuits;
“general-purpose MCU”	a type of microcontroller unit designed for broad and versatile applications across consumer, industrial, and automotive sectors;
“heterogeneous multi-core architecture”	a chip architecture that integrates two or more types of processor cores on the same chip, enabling optimized workload distribution;
“IC design”	design and development process targeting integrated circuits and very large-scale integrated circuits, mainly including requirements analysis, architectural design, logic design, physical realization and verification;
“integrated circuit” or “IC”	a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components;
“Internet of Things” or “IoT”	the physical objects (or groups of such objects) with sensors, processing ability, software and other technologies that connect and exchange data with other devices and systems over the Internet or other communications networks;
“IP” or “IP module”	intellectual property, which, in the context of IC design, refers to a reusable and verified IC layout design with a defined function;
“ISO”	the International Organization for Standardization, a worldwide federation of national standards bodies;
“ISO9001”	the International Quality Management System published by the ISO;

GLOSSARY OF TECHNICAL TERMS

“LIN”	local interconnect network, a serial communication protocol primarily used for lower-speed applications in vehicles, such as body control systems;
“LQFP”	low-profile quad flat package, a surface-mount integrated circuit package with low profile and leads extending from all four sides;
“MCU”	microcontroller unit, a chip that integrates a microprocessor core, memory, and peripheral interfaces, which is typically used to control the operation of embedded systems and is widely used in electronic products;
“modules”	packaged components that include integrated circuits or other electronic components, which are used to build larger systems or devices. They are essential for enhancing performance, efficiency, and scalability in electronic products;
“NPU”	neural processing unit, a microprocessor that specializes in the acceleration of machine learning algorithms, typically by operating on predictive models such as artificial neural networks (ANNs) or random forests (RFs);
“OA”	office automation, the varied computer machinery and software used to digitally create, collect, store, manipulate, and relay office information needed for accomplishing basic tasks;
“obstacle avoidance”	a control function in drones or robots that enables real-time detection and avoidance of physical obstacles during flight or movement;
“platform-based”	platform-based, in the context of IC design companies, means companies with (i) one chip platform can be used in multiple scenarios, (ii) product portfolio is scalable to deliver a broad spectrum of products with varying specifications, (iii) reusable and modularized components and IP cores, and (iv) integrated software ecosystem;

GLOSSARY OF TECHNICAL TERMS

“PLC”	programmable logic controller, an industrial computer that has been ruggedized and adapted for the control of manufacturing processes;
“process”	a semiconductor manufacturing technology node that defines the minimum feature size of a chip, typically measured in nanometers (nm);
“R&D”	research and development;
“RF”	radio frequency, referring to the rate of oscillation of an alternating electric current or electromagnetic wave within the range that can be radiated as electromagnetic waves. It is widely used in wireless communication, radar, broadcasting and other fields;
“UQFN”	ultra thin quad flat no-lead package, a very small and thin square-shaped or rectangular surface-mount plastic package with no leads;
“RISC-V”	an open standard instruction set architecture based on a reduced instruction set computer design, widely used for its openness and flexibility;
“SDK”	software development kit, a collection of software tools, libraries, and documentation used to develop applications for specific hardware platforms or operating systems;
“Segment LCD”	a type of low-power display used in metering and portable devices;
“specialized market chips”	a microchip used for specialized market that provides hardware-based security functions, primarily for protecting data and encryption. It’s designed to be tamper-resistant, meaning it’s difficult for unauthorized individuals to access or modify the information stored within;
“SoC”	System-on-Chip, an electronic system formed by integrating multiple integrated circuits with specific functions on a single chip;
“sq.m.”	square meter;

GLOSSARY OF TECHNICAL TERMS

“tape-out”	the process of converting an integrated circuit design into a chip for pilot production or manufacturing. Tape-out is a process to check whether the chip has achieved the expected functions and performance of the design. If the tape-out is successful, the chip can be mass-produced; conversely, it is necessary to find out the reasons for the lack of success, optimize the design, and tape-out the chip again;
“TinyML”	a subset of machine learning focused on deploying models on resource-constrained edge devices;
“TPM 2.0”	trusted platform module 2.0, a hardware-based standard for secure cryptographic operations;
“trusted computing”	a security architecture for hardware and software that ensures trusted execution environments and secure boot mechanisms;
“verification”	a method to verify the correctness of a circuit and evaluate and confirm the initial design plan and to ensure the design satisfies the needs of downstream customers and conforms to the design initiatives;
“wafer”	a thin slice of semiconductor, used for the fabrication of ICs and other microelectronic devices.

FORWARD-LOOKING STATEMENTS

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

- our operations and business prospects;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licences or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to control costs and expenses;

FORWARD-LOOKING STATEMENTS

- our ability to defend our intellectual rights and protect confidentiality;
- our dividend policy;
- changes or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends;
- capital market developments;
- the actions and developments of our competitors;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- all other risks and uncertainties described in the section headed “Risk Factors” in this document; and
- other statements in this document that are not historical facts.

This document also contains market data and projects that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the [REDACTED] of our Shares. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions.

We do not guarantee that the transactions and events described in the forward-looking statements in this document will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in “Risk Factors” in this document. You should read this document in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this document relate only to events as at the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks or uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section. In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before making an investment in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial conditions, results of operations or prospects. The [REDACTED] of our H Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

You should pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory environment which may differ significantly from those prevailing in other jurisdictions. 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 will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and to expand our product mix and penetrate new markets.

Our future success significantly depends on our ability to continue to innovate and improve our existing products, and design and expand our product mix. Product design, development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. There can be no assurance that we will be able to develop and introduce new and improved products in a timely or efficient manner or that new and improved products, if developed, will achieve market acceptance. In addition, our downstream customers generally impose very high quality and reliability standards on our products, which may be difficult or costly to satisfy. Any inability to satisfy the quality and reliability standards of downstream customers or comply with industry standards and technical requirements may adversely affect demand for our products and our results of operations.

Our growth is also dependent on the ability of us and our distributors to identify and penetrate new markets where we and our distributors have limited experience yet require significant investments, resources and technological advancements in order to compete effectively, and there can be no assurance that we will achieve success in these markets. There can be no assurance that the markets we serve and/or target based on our business strategy will grow in the future, that our existing and new products will meet the requirements of these markets, that our products, or the end-products in which our products are used, will achieve

RISK FACTORS

downstream customer acceptance in these markets, that competitors will not force price reductions or take market share from us, or that we can achieve or maintain adequate gross margins or profits in these markets.

If we are unable to continuously develop our technological capabilities and improve our chip and lithium-ion battery anode material products, our products may become uncompetitive and obsolete, which may impede our ability to address the requirements in technology segments that are expected to contribute to our growth.

We have invested and expect to continue to invest in the design and R&D for new and existing products and technologies to timely respond to technological developments in markets we operate in. These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect our margins and operating results and that such investments may not generate sufficient revenue to offset liabilities assumed and expenses associated with these new investments. We believe that we must continue to invest a significant amount of time and resources in our design and R&D efforts, including retaining sufficient and experienced R&D talents, to maintain and improve our competitive position. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our revenue and operating results may be adversely affected. Furthermore, we currently operate a R&D center in the United States. Adversarial political and legal changes in the United States may lead to disruption to the operations of our R&D center, or cause it to suspend or terminate its operations entirely. Any adverse changes to the operation of our R&D center in the United States may lead to negative impacts against our R&D capabilities as a whole.

Furthermore, our business strategy is to focus on the design and provision of chip and lithium-ion battery anode material products. Part of this strategy involves addressing the needs across a variety vertical markets, including consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics, among other industries. Each of these markets require technologies, expertise, and marketing and operations infrastructure that are application-specific. Our inability to develop or maintain these market specific capabilities could impede our ability to expand our business in these markets and ultimately affect our future growth.

In addition, if we are unable to respond quickly and successfully to technological developments, we may lose our competitive position, and our products or technologies may become obsolete and fall behind on technologies. To compete successfully, we must develop new products and improve our existing products and processes on a schedule that keeps pace with technological developments. The market must also accept our new and improved products. In addition, considering that more and more integrated circuit design and lithium-ion battery anode material manufacturing companies may choose to enhance their in-house R&D capabilities to increase their competitiveness, our R&D capabilities must be enhanced periodically to reduce the likelihood that a competitor surpasses the technologies and products we offer. We cannot guarantee that we will be successful in keeping pace with all, or any, of the above.

RISK FACTORS

The markets for our products are cyclical. Fluctuations in supply and demand in the MCU market and lithium-ion battery anode material market, as well as the prices of such products, may adversely affect our business, results of operations and financial condition.

Both the MCU market and lithium-ion battery anode material market are subject to cyclical fluctuations, which may lead to periodic mismatches between supply and demand, affecting pricing, capacity utilization and profitability. For instance, the overall semiconductor industry (including MCU) experienced fluctuations during the past years starting from the supply shortage unanticipated global lock-down, leading to a market price increase from 2020 to 2022, with following cycling correction periods, leading to a price decrease starting from late 2022. See “Industry Overview — Overview of the Global MCU Market — Historical Market Price of MCU Products and Key Raw Materials of MCU.” The market price of lithium-ion battery anode materials also went through a decline from 2022 to 2024, and decreased as a slower pace or slight increased during the first half of 2025 and is expected to continue to increase as the market is entering the peak season for sales and stocking for downstream customers, according to CIC. Also see “Industry Overview — Global Lithium-Ion Battery Anode Materials Market Overview — Historical Market Price of Lithium-ion Battery Anode Materials.” These cycles are closely linked to the development of downstream sectors such as consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics. During periods of rising demand, we may encounter capacity constraints or supply chain bottlenecks, limiting our ability to respond to customer needs in a timely manner. Conversely, if demand in these industries softens due to macroeconomic conditions or slower growth in end markets, we may face declining sales, inventory build-up and margin compression. If we expand our operations based on projected demand that fails to materialize, we may incur excess capacity, increased costs and lower utilization, which could materially and adversely affect our financial condition and results of operations.

Our sales and financial performance may be influenced by seasonality.

The results of operations of our chip products business historically have been seasonal, primarily due to the cyclical demand of the downstream consumer in the consumer electronics industry, the peak sales season of which usually starts from September to December in each year, significantly affected by the global holiday shopping season and new product release cycle. Our revenue from chip products generated from September to December contributed to approximately 40% of our annual chip products revenue during the Track Record Period, except for 2022 when the market price and market demand decline adversely impacted our revenue in the second half of the year. As an upstream chip supplier, we usually enter the peak stocking period about two months in advance (i.e. from July to October) in order to cope with the demand peak season. Such timing synchronization in the chip products industry chain has resulted in high order volume and revenue from our chip product business during the third quarter and the fourth quarter of the year, whereas there may be phased fluctuations during the first quarter and second quarter of the following year due to factors such as inventory adjustments by our customers.

RISK FACTORS

The results of operations of our lithium-ion battery anode material products business have been subject to certain seasonality as we typically generate over a majority of revenue from this business line in the third and fourth quarters of a calendar year, primarily because these are the high seasons for new energy automobile and our revenue from downstream customers in power battery industry was typically higher.

Our products are primarily offered to downstream customers of certain industries. Factors that adversely affect these industries may have a negative impact on our business and operational results.

Our products are primarily offered to downstream customers of industries including consumer electronics, industrial controls and digital energy, smart home, automotive electronics, and medical electronics, among other industries (the “downstream industries”). Therefore, factors that adversely affect these industries could materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of the downstream industries;
- a downturn in general economic conditions or major countries/regions that import products of the downstream industries;
- increasing level of competition from manufacturers of the downstream industries in other countries/regions;
- the reduction or elimination of preferential tax treatments and economic incentives for manufacturers of the downstream industries;
- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of the downstream industries;
- appreciation in the value of RMB against the currencies of other countries and regions that import products of the downstream industries; and
- rising material and labor costs relating to manufacturing in the downstream industries.

RISK FACTORS

A significant portion of our revenue from the lithium-ion battery anode material business was derived from a single major customer during the Track Record Period. Any decrease in sales to this customer could materially and adversely affect our business, financial condition and results of operations.

We rely on a limited number of key customers for our lithium-ion battery anode material business, and a substantial portion of our revenue during the Track Record Period was attributable to one major customer with whom we also maintain a strategic partnership. In addition to our domestic sales, we anticipate collaborating with this customer in exploring international markets for our lithium-ion battery anode material products as part of our overseas expansion strategy. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, sales to this customer accounted for approximately 26.0%, 29.5%, 28.8% and 31.1%, respectively, of our total revenue and 49.6%, 58.0%, 61.3% and 65.5%, respectively, of our revenue from the lithium-ion battery anode material business. Given the concentration of our sales to this customer, material reduction in orders, delay in payments, changes in procurement strategy, or deterioration in our commercial relationship could adversely impact our revenue, cash flows, and ability to expand internationally. We may not be able to quickly replace the loss of revenue from this customer with sales to other customers, which would materially and adversely affect our business, operating results and growth prospects.

We face substantial competition that requires us to respond rapidly to product development and pricing pressures.

We face intense technological and pricing competition in the markets in which we operate. We expect this competition will continue to increase from large competitors and from small competitors already operating in the markets, and also from emerging companies that sell products into the same markets in which we operate. For example, we may face increased competition as a result of the PRC actively promoting and restructuring its integrated circuit and lithium-ion battery anode material industry through policy changes and investment. Certain competitors possess sufficient financial, technical and management resources to develop and market products that may compete favorably against our products, and business integration among our competitors may allow them to compete more effectively.

The price adjustment and product development pressures that result from competition may lead to reduced profit margins and lost business opportunities in the event that we are unable to match the price declines or cost efficiencies, or meet the technological, product, support, software or manufacturing advancements of our competitors.

We have limited control over the operations of our distributors. Our business may be negatively affected due to risks relating to the acts of our distributors.

We rely on third-party professional distributors for the marketing, branding, and sale of our products. While we strive to manage and oversee our distributor relationships, we have limited visibility and control over their day-to-day operations. There can be no assurance that

RISK FACTORS

we will be able to effectively detect or prevent any non-compliance by our distributors with the provisions of their distribution agreements. Non-compliance by our distributors may negatively affect our brand reputation, disrupt our sales channels, and expose us to regulatory or contractual liabilities.

Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our distributors. Such misconduct may include unauthorized misrepresentations to our downstream customers, misappropriation of third-party intellectual property or proprietary rights, bribery, or other unlawful payments. In particular, our distributors may violate export control or economic sanctions laws of the PRC, the United States or other relevant jurisdictions by engaging in unauthorized re-exports or transfers of our products to restricted parties, jurisdictions or for prohibited end uses. Any such actions could subject us to legal or regulatory inquiries, fines, or reputational harm, even if we are not directly involved. In any such event, we may be held liable to our downstream customers or regulatory authorities, incur significant legal and compliance costs, or become subject to penalties or other sanctions. Any such claims or proceedings, whether or not ultimately successful, could divert management’s attention and resources, damage our brand and customer relationships, and materially and adversely affect our business, financial condition and results of operations.

We rely on a limited number of major foundries for chip manufacturing services. The third-party foundries from which we procure manufacturing services may be unable to obtain the materials and components necessary for our business operations in a timely manner and at a reasonable cost, or experience disruption in providing manufacturing services, which may adversely affect our revenue and profitability.

We rely on a limited number of major foundries for chip manufacturing services. We carefully select foundries capable of meeting our customization requirements while maintaining the quality standards we demand and adhering to the desired timeframe for product launches. Any disruptions to our current supply chain could lead to production delays and necessitate the allocation of time and resources for engaging with new foundries. Additionally, transitioning to new foundries may require extra time to communicate our customization needs effectively or to make adjustments to meet our specifications. Our reliance on a limited number of major foundries to manufacture our future products may present significant risks to us, including the following:

- reduced control over delivery schedules, yields and product reliability;
- price increases;
- manufacturing deviations from internal and regulatory specifications;
- the failure of a key manufacturer to perform as we require for technical, market or other reasons;

RISK FACTORS

- difficulties in establishing additional manufacturer relationships if we are presented with the need to transfer our manufacturing process technologies to them;
- misappropriation of our intellectual property; and
- other risks in potentially meeting our product development schedule or satisfying the requirements of our market partners and end users.

If we need to enter into agreements for the manufacturing of our future products, there can be no assurance we will be able to do so on favorable terms, if at all.

The integrated circuit industry has experienced a very large expansion of fabrication capacity and production worldwide over time. As a result of increasing demand from integrated circuit and other manufacturers, availability of certain basic materials and supplies, such as chemicals, gases, and silicon wafers, have from time to time, over the past several years, been in short supply and could come into short supply again if overall industry demand continues to increase in the future. Natural disasters can also lead to a shortage of some of the above materials due to disruption of the manufacturer’s production from time to time. Any shortage in supplies could affect the price of the above basic materials, in particular silicon wafer, and could reasonably affect our results of operations. Furthermore, as raw material purchase price is not only affected by the above materials and supplies, but also by the manufacture processes, technologies and services provided by the foundries, insufficient volume to secure priority ordering and technologies at foundries or any disruption of foundry services could occur as a result of production constraints on the foundries from which we procure manufacturing services, which could have a materially adverse effect on our business operations and our results of operations. In addition, third-party foundries have experienced and may continue to experience in the future, unexpected increases in work wages or raw materials, increases in compliance costs relating to governmental regulation in the manufacturing of our products. We also cannot be certain that third-party foundries will be able to meet our product customizations or fill our orders in a timely manner. In 2022, due to increased demand for silicon wafers, our suppliers generally increased the price of such raw materials by around 2%-20%, which in turn increased the cost of our products. The prices of silicon wafers offered to us by our suppliers have stabilized since 2023 due to supply and demand rebalancing. However, the availability of raw materials is only one of the factors affecting our performance, given that the price of our products is also influenced by market demand, as the high demand from our downstream customers had led to a gross profit margin of 46.4% from our chips products business in 2022 when there was supply shortage; in comparison, the gross profit margin of our chips products business was 27.0% and 30.7% in 2023 and 2024, respectively.

If we experience significant increases in demand, or reductions in the availability of materials, or need to replace an existing foundry, there can be no assurance additional supplies of components or additional manufacturing capacity will be available when required on terms acceptable to us, or at all, or that any supplier or foundry would allocate sufficient capacity to us in order to meet our product customizations. In addition, even if we are able to expand existing or find new manufacturing or sources of components, we may encounter delays in

RISK FACTORS

production and added costs as a result of the time it takes to establish alignment with suppliers and foundries in terms of our methods, products, quality control standards and labor, health and safety standards. Any delays, interruption or increased costs in labor or wages, or the supply of materials or manufacture of our products could have an adverse effect on our ability to meet market demand.

Disruptions in the operations of our third-party packaging and testing service providers may materially and adversely affect our business.

We rely on third-party packaging and testing service providers to perform key post-fabrication processes. Disruption to the operations of these service providers, whether due to natural disasters, equipment failures, labor shortages, or other unforeseen events, could delay our production schedule or impair product quality, especially if such disruptions occur without timely alternatives. Furthermore, if we are unable to maintain stable cooperation with these providers on commercially favorable terms, our product delivery timeline, customer satisfaction, and overall business performance may be adversely affected.

We engage third-party logistics service providers to deliver our products. Disruption in logistics may prevent us from meeting customer demand and our business, financial condition and results of operations may suffer as a result.

We engage independent third party logistics service providers to deliver products from our facilities to locations specified by our customers. Disputes with or termination in our contractual relationships with one or more of our logistics service providers could result in delayed delivery of products or increased costs. There can be no assurance that we can continue or extend relationships with our current logistics service providers on terms acceptable to us, or that we will be able to establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with our preferred logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis or at prices acceptable to our consumers. If there is any breakdown in our relationships with our preferred logistics service providers, we cannot assure you that no interruptions would occur or that they would not materially and adversely affect our business, prospects and results of operations.

As we do not have any direct control over these logistics service providers, we cannot guarantee the quality of their services. In addition, services provided by these logistics service providers could be interrupted by unforeseen events beyond our control, such as poor handling provided by these logistics service providers, natural disasters, pandemics, adverse weather conditions, riots and labor strikes. Given the high value of our products, any damage incurred during transit could result in significant losses. If our transportation insurance fails to cover such damages, we would bear material financial losses. Furthermore, if there is any delay in delivery, damage to products during transit or any other issue, we may lose customers and sales and our brand image may be tarnished.

RISK FACTORS

Our products may be subject to warranty, indemnity and/or product liability claims, which could result in significant costs and damage to our business, reputation and downstream customer relationships, market acceptance of our products, financial conditions, results of operations and prospects.

Chip products are highly complex and may contain defects that affect their quality or performance. The quality attributes of lithium-ion battery anode materials are also critical to lithium-ion battery performance and functionality. Failures in our products could result in damage to our reputation for reliability and increase our legal or financial exposure to third parties. If any of our products contain defects, we may be required to incur additional development and remediation costs pursuant to warranty and indemnification provisions in our contracts and purchase orders. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our downstream customers, including liability for costs and expenses associated with product defects, including recalls, which may adversely impact our operating results. We may also be subject to third parties’ alleging damages resulting from use of our products. Those users may seek indemnification from us. In certain cases, our potential indemnification liability may be significant.

Further, we offer our products to downstream customers in industries such as consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics, among other industries, where failure of the systems in which our products are integrated could cause damage to property or persons. We may be subject to product liability claims if our products, or the integration of our products, cause system failures. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business. In addition, if any of our products contain defects, or have reliability, quality or compatibility problems not capable of being resolved, our reputation may be damaged, which could make it more difficult for us to offer our products to downstream customers and which could also adversely affect our operating results.

We may be unable to adequately protect or enforce our intellectual property rights, which could adversely affect our business, financial condition and results of operations.

Our success depends in part on our ability to protect our intellectual property and to maintain freedom to operate in the jurisdictions where we conduct business. We rely on a combination of intellectual property laws and contractual arrangements, including patents, proprietary rights of IC layout designs, software copyrights, trademarks, trade secrets, confidentiality agreements, and invention assignment provisions with our employees, suppliers, consultants and other counterparties. Despite these protections, our intellectual property rights may be challenged, invalidated, circumvented, misappropriated, or independently developed by others. In addition, our pending applications for patents, trademarks and layout designs in China, Hong Kong and other jurisdictions may not be granted, or may be granted with narrower scope than anticipated, providing limited or no competitive advantage.

RISK FACTORS

Enforcement of intellectual property rights can be difficult, costly, and subject to inconsistent judicial interpretation in certain jurisdictions. We may lack adequate remedies in the event of a breach of confidentiality or invention assignment agreements, and statutory protections may be limited or unavailable in some countries. Preventing unauthorized use or disclosure of our trade secrets and proprietary information may be impractical or ineffective. If we resort to litigation to enforce our rights, we may incur substantial legal costs and suffer diversion of managerial and financial resources, with no assurance of a favorable outcome.

Failure to adequately protect or enforce our intellectual property rights could impair our ability to compete effectively, limit our growth opportunities, and have a material adverse effect on our business, financial condition and results of operations.

We may be subject to claims by third parties for intellectual property infringement.

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that our competitors and other third parties will not bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights, whether such claims are valid or otherwise. The intellectual property laws in China, which cover the validity, enforceability and scope of protection of intellectual property rights, are evolving, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Given the foregoing and the increasing competition in the market, we are exposed to a higher litigation risk. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable judgment in all legal cases, in which case we may need to pay damages or be forced to cease using certain technologies or content that are critical to our products. Any resulting liabilities or expenses or any changes to our products that we have to make to mitigate relevant risks may have a material adverse effect on our business, results of operations and prospects.

We depend on the continued services and performance of our senior management and other key employees, including core R&D personnel and skilled engineers. If we are unable to recruit, retain and motivate any of them, our business, operating results and financial condition may be adversely affected.

Our future performance depends on the continued services and contributions of our senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and innovations, perform effective product design, and R&D. We also rely on our experienced management team to ensure smooth business operations, including maintenance of customer and supplier relationships, and management of our operations. Any loss of service of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results.

RISK FACTORS

From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also require significant amounts of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain experienced and qualified personnel, particularly skilled engineers with expertise in the integrated circuit sector. However, we cannot assure you that we will be able to develop or retain experienced and qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business. As of the Latest Practicable Date, we had purchased insurance, including but not limited to property insurance and liability insurance, in accordance with PRC legal and regulatory requirements as well as our overall assessment of operational needs and industry management. We had not obtained any business disruption insurance as of the Latest Practicable Date. We have determined our insurance coverage based on the costs of insuring against potential risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms. We believe our insurance coverage is customary for businesses of our size and type and in line with standard commercial practice in China. However, any uninsured occurrence of including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may result in our incurring substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data of our customers, suppliers and business partners. See “Business — Data Privacy and Information Security Risk Management.” The secure maintenance of such information is critical. Despite our security measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

RISK FACTORS

We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition.

We may be subject to disputes or claims of various types brought by our competitors, employees, suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such claims and disputes may evolve into litigations and damage our reputation and goodwill, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. We may also face counterclaims as a litigation strategy by opposing parties where we initiate legal proceedings to protect our rights. We may also face frivolous or false claims without ground intended to harass or embarrass us, which may nevertheless adversely impact our reputation and distract our management. Litigation is distractive and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert management team’s attention from our day-to-day operations, any of which could harm our business. In addition, we may need to spend a significant amount to settle claims or pay damages if we lose a lawsuit, which could have a material and adverse effect on our business, financial condition and results of operations.

We may be subject to additional contributions of social insurance and housing provident fund and late payments and fines imposed by relevant governmental authorities.

As advised by our PRC Legal Advisors, if an employer had not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, it would be ordered by social insurance contributions collection institutions to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late payment fee. If the employer still failed to rectify the failure to make social insurance contributions within the stipulated deadline, it would be subject to a fine ranging from one to three times of the amount overdue. In addition, an employer that had not made housing provident fund contributions at a rate and based on an amount prescribed by the law, or at all, would be ordered by the housing provident fund management center to rectify the non-compliance and pay the required contributions within a stipulated deadline. If the employer still failed to rectify the failure to make housing provident contributions within the stipulated deadline, it would be subject to the court’s compulsory enforcement.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for all of our employees as required under applicable laws and regulations. In addition, contributions for seven employees were made through a human resources service provider in a location different from where such employees were employed. In 2022, 2023, 2024 and the nine months ended September 30, 2025, the shortfall amounts of our social insurance and housing provident fund contributions were RMB5.1 million, RMB5.2 million, RMB5.1 million, and RMB3.5 million, respectively. Pursuant to the aforementioned regulations, the potential maximum fine which may be imposed on us if we fail to make required social insurance payments within the stipulated period required by the competent government authority equals to three times of the outstanding amount of our social insurance

RISK FACTORS

contribution, totaling RMB56.8 million. In addition, there are no expressed legal provisions or regulations that impose a penalty on the Group for such under-payment of housing provident funds but we may be ordered to pay the outstanding amount of our housing provident fund by the PRC court for compulsory enforcement. Our PRC Legal Advisors are of the view that according to the PRC laws and regulations, if there are no material changes in current policies, regulations, the enforcement and supervisory practices of local authorities and no material disputes with employees, the likelihood of our Company and relevant principal operating subsidiaries being subject to material administrative penalties or being required by the relevant authorities to collectively make up for the underpaid contributions is remote. If we are subject to such additional payments, our business, financial condition and results of operations may be adversely affected.

Failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

We lease properties for our offices, R&D and manufacturing facilities. There is no assurance that we will be able to extend or renew our leases upon expiration of the current term on commercially reasonable terms or at all, and our rights to use these leased properties may be negatively affected by prior encumbrances on these properties. For instance, the landlord of one of our leased properties used as our manufacturing facility does not possess the ownership certificate. As advised by our PRC Legal Advisors, the failure to possess an ownership certificate for this property (i) will not impact our right to use the property pursuant to the lease agreement under PRC laws, and (ii) will not have a material adverse impact on our overall business operations. In any such events, we may be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. There is a risk that our usage of the leased properties does not fully match with the specified usage in our lease agreement. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

We may be liable for failure to register and file our lease agreements, which may subject us to penalties.

Pursuant to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases.

As of the Latest Practicable Date, we had not obtained the registration of 16 lease agreements entered into by us or our principal subsidiaries. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisors have advised us that failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or our right to use such property under PRC

RISK FACTORS

laws, but we may be subject to a maximum penalty of RMB10,000 for each non-registered lease if we fail to register such lease agreements within the time frame prescribed by the relevant PRC government authorities. Therefore, the estimated total maximum penalty is RMB160,000. As a result, any imposition of fines due to such failure may adversely affect our business operations and financial condition.

We may be subject to the risks associated with international trade policies, export controls and economic sanctions, geopolitics and trade protection measures such as unreasonable tariff arrangements.

We may be subject to risks associated with international trade regulations and geopolitical developments. For example, recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, sanctions, and export controls and other restrictive measures targeting high-technology goods, including in the industry in which we operate. These policies have introduced uncertainties to global supply chains, limited access to critical raw materials and components, and increased production and compliance costs for companies operating in affected industries.

The U.S. and other jurisdictions or organizations, including the EU and the UN, through executive orders, legislations or other governmental means, have implemented measures that impose economic sanctions targeting certain countries or regions or specific industry sectors, groups of companies or persons and/or organizations within such countries or regions. Our International Sanctions Legal Advisor has advised that the Group’s global business activities during the Track Record Period did not constitute Primary Sanctioned Activity or Secondary Sanctionable Activity. The Group’s global business activities during the Track Record Period thus did not represent a violation of the applicable International Sanctions in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons.

The U.S., among other jurisdictions, has also introduced extensive export controls requiring export license for the export, re-export and in-country transfer of certain items subject to the U.S. export controls. During the Track Record Period, the Group sold items that are direct products of certain U.S. software and/or technology. The Group did not purchase any raw materials from the U.S. during the Track Record Period and generated approximately RMB176,700, RMB16,900, RMB36,200 and RMB962,400 in exports to the U.S. market in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, representing less than 0.1% of our total revenue in 2022, 2023 and 2024, and approximately 0.1% in the nine months ended September 30, 2025. Our International Sanctions Legal Advisor has advised that such sales activities should not give rise to material risks under U.S. export controls because the Group has obtained the requisite license for selling to a customer on the BIS Entity List, and we have confirmed that our other products were not subject to the EAR to trigger U.S. export control restrictions. As such our Directors, as advised by our International Sanctions Advisor, are of the view, to which the Sole Sponsor concurs, that the

RISK FACTORS

Group’s sales activities during the Track Record Period should not give rise to materials risks under U.S. export controls, because our products do not contain more than a de minimis level of controlled U.S. item, nor do they meet the criteria under the relevant Foreign Direct Product rules.

U.S. export controls targeting China may continue to escalate due to rising geopolitical tensions. For example, the U.S. has recently strengthened export control and economic sanctions on China, including adding certain PRC entities or individuals onto its “Entity List” and other sanctioned and restricted party lists that limit their access to certain U.S.-origin goods, software (such as EDA software), and technologies, items that contain certain portions of U.S.-origin goods, software or technologies, and foreign direct products of certain U.S.-origin software, technologies or equipment. As such, we may face increasing risks and compliance costs with regard to U.S. export controls.

We will comply with applicable laws in the jurisdictions where we have operations, and will not use the [REDACTED] from the [REDACTED] or any other funds raised through the Hong Kong Stock Exchange to finance or facilitate, directly or indirectly, activities or business involving, or for the benefit of, parties with ties to the Sanctioned Countries or Sanctioned Targets. However, we cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Furthermore, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, and/or any other jurisdiction or regions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanction designation of our Group. Non-compliance with International Sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations. We cannot assure you that investors who are subject to the jurisdictions of the US, the EU, and/or other jurisdictions will be willing to make investments, or may divest their investment, in us, which may have an adverse impact on the [REDACTED] and the future prevailing [REDACTED] of our H shares, despite our commitment not to direct the [REDACTED] from the [REDACTED] to [REDACTED] with Sanctioned Targets. In addition, if any of our customers, end users or suppliers becomes subject to International Sanctions in the future, we may have to discontinue our business with such customers, end users or suppliers due to potential economic sanctions liability risks. In such events, our financial results may be materially and adversely affected.

On October 28, 2024, the U.S. Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Outbound Investment Rule**”), which became effective on January 2, 2025. The Outbound Investment Rule targets investments involving persons and entities associated with “countries of concern,” currently including China, and it imposes requirements (such as prohibition or notification requirements) on a wide range of investments in persons

RISK FACTORS

engaged in activities in certain sectors, including the semiconductors and microelectronics, quantum information technologies or artificial intelligence. The Outbound Investment Rule defines these as “covered activities,” with persons from countries of concern engaged in covered activities defined as “covered foreign persons.” Investments by U.S. persons (as defined under the Outbound Investment Rule) subject to the Outbound Investment Rule, which are defined as “covered transactions,” include acquisitions of equity interests (including purchases of shares in an initial public offering or contingent equity), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund.

As advised by our International Sanctions Legal Advisor, we likely constitute a covered foreign person because our Group engages in the design of integrated circuits, which is a covered activity under the Outbound Investment Rule. Given the nature of our activities, we believe that the [REDACTED] through the [REDACTED] would not be a prohibited transaction under the Final Rule, but that U.S. persons would be required to notify the U.S. Department of Treasury of their participation in the [REDACTED].

The Outbound Investment Rule excludes certain investments from the scope of covered transactions, including investments in publicly traded securities that do not afford the U.S. persons rights beyond standard minority shareholder protections. As a result, upon completion of the [REDACTED], it is expected that U.S. persons are allowed to [REDACTED] on the Hong Kong Stock Exchange without notification obligations.

However, the rules and regulations regarding U.S. outbound investment may be subject to further development. There are thus uncertainties under the Outbound Investment Rule, and we cannot assure you that the U.S. Department of Treasury will not take a different view from us and treat an equity [REDACTED] in our H shares by a U.S. person as prohibited. In addition, we cannot predict how the Outbound Investment Rule will be enforced, neither can we guarantee that there will not be a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce US investors’ interest in our equity securities. In such a case, the [REDACTED], the future prevailing [REDACTED] and the [REDACTED] of our H shares may be adversely affected. It could also be detrimental to our business, financial condition and prospects.

Furthermore, recent U.S.-China trade tensions and unfavorable tariff arrangements have also led to the introduction of unreasonably high tariffs on all goods trading between the two countries. While the U.S. and China reached an agreement to temporarily suspend some tariffs imposed upon each other since April 2, 2025, there is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be being subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

RISK FACTORS

During the Track Record Period, our purchases from the U.S. primarily consisted of EDA tools, IP licenses and legal services, which are not subject to tariff and our total sales to the U.S. amounted to less than RMB1.2 million. As such, our Directors believe that the impact of the U.S. and Chinese tariff on the Group’s sales, cost of sales and financial performance is likely to be de minimis. In addition, none of our major customers generated a material portion of the sales from the United States, and we did not experience any material adverse changes in sales, order volume, selling prices, financial performance, or received customer requests for order cancellations or renegotiation of sales terms as a result of U.S. or other overseas tariffs during the Track Record Period and up to the Latest Practicable Date. We will also continue to diversify its supplier and customer base to reduce geopolitical risk and continue to closely monitor the change of situations. We will also seek advice from external experts where necessary. There is, however, no assurance that our downstream customers will not engage in export sale of their products into the U.S. or other countries and that the export sale of the integrated circuit products of our downstream customers into the U.S. or other countries will not be subject to the restrictions introduced by the U.S. Furthermore, if we export our products to other countries which are subject to sanctions or export controls in the future and/or if the scope of the export controls or sanctions are expanded, our business, financial condition and results of operations may be materially and adversely affected.

Further, we have no control over the countries to which the downstream customers will sell and/or export their end products. If the export sales of the downstream customers’ end products are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions, the downstream customers’ demand in our products may drop significantly and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, our business and results of operations are affected by our ability to execute our globalization strategy, which primarily involves expanding into new international markets. Operating internationally subjects us to additional risks and challenges such as:

- limited brand recognition globally (compared with our presence in the PRC);
- costs and expenses in connection with global expansion, including recruitment of local personnel and lease or establishment of new premise or lab;
- ability to anticipate international consumers’ and collaborators’ needs and preferences;
- burdens of complying with a wide variety of local laws and regulations;
- wars, political and economic instability, including trade tensions; and
- technological and trade restrictions.

RISK FACTORS

Our international expansion plans will place increased demands on our operational, managerial and administrative resources. In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business accordingly to comply with local laws. Non-compliance may subject us to sanctions by regulatory authorities, to monetary penalties, or to restrictions on our activities or revocation of our licenses, which may result in a material adverse effect on our business, financial condition and results of operations in the relevant overseas market. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our brand is critical to maintaining and expanding our business. Maintaining and enhancing our brand depends largely on our ability to continue to provide high quality products, which we cannot assure you we will do successfully. Quality issues, product performance, reliability and stability of our products as well as price may harm our reputation and brand, and we may introduce new products which might be poorly received by our downstream customers. Additionally, if downstream customers have a negative experience using our products, such an encounter may affect our brand and reputation within the industry. What’s more, we believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful products at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We cannot assure you that our marketing spends will lead to increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

Our operations may be delayed or interrupted and our business could suffer if we fail, or are alleged to have failed, to comply with any existing or new environmental, occupational or safety regulations.

We are subject to a variety of environmental, occupational or safety regulations relating to the use, discharge and disposal of hazardous waste used in our production processes. Any failure or any claim that we or the third-party suppliers we cooperate with have failed to comply with these regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business. In addition, any failure of us, or the third-party foundries we cooperate with, to comply with these regulations could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations.

RISK FACTORS

We may become subject to legislation, regulation, or treaty obligations designed to address global climate change, air quality in the PRC, and other environmental concerns. Compliance with any new rules could be costly, causing us to incur additional energy and environmental costs, as well as costs for defending and resolving legal claims.

We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, increasing both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in China, and to new and evolving regulatory measures under applicable laws. We may also be subject to the changing social trends on the concerns regarding environmental, social and governance risks. Our efforts to comply with new and changing laws, regulations and social trends have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war, terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. The operations of us and our suppliers, especially the foundries, may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

RISK FACTORS

We may engage in acquisitions or strategic alliances that could disrupt our business, result in increased expenses, reduce our financial resources and cause dilution to our Shareholders. We cannot assure you that such acquisitions or strategic alliances will be successfully implemented.

We may engage in acquisitions or strategic alliances to expand our business. However, we may not be able to find suitable acquisition candidates, complete acquisitions on favorable terms, if at all, or integrate any acquired business, products or technologies into our operations. If we do complete acquisitions, they may be viewed negatively by customers or investors and they may not enable us to strengthen our competitive position or achieve our goals. In addition, any acquisitions that we make could lead to difficulties in integrating personnel, technologies and operations from the acquired businesses and in retaining and motivating key personnel from these businesses. Moreover, acquisitions may disrupt our ongoing operations, divert the management from day-to-day responsibilities, and increase our expenses. Future acquisitions may reduce our cash available for operations and other uses, and could result in increases in amortization expenses related to identifiable intangible assets acquired, potentially dilutive issuances of equity securities or the incurrence of debt. We cannot predict the number, timing or size of future acquisitions, or the effect that any such acquisitions might have on our operating results.

RISKS RELATING TO OUR FINANCIALS

We incurred net loss during the Track Record Period.

We recorded net loss in 2022, 2023 and 2024. Our net loss of RMB18.9 million in 2022 was primarily due to share-based payments expense of RMB138.1 million. Our net loss increased to RMB594.0 million in 2023 primarily due to the decrease of market price of chips and lithium-ion battery anode materials as the relevant markets experienced downward cycles. Nevertheless, we managed to narrow down such net loss by 56.9% to RMB255.7 million in 2024 after we had taken various measures including upgrading our product portfolio especially by developing and promoting high-end products with higher selling price and profit margin, controlling the raw material and manufacturing costs, expanding into new markets and developing new customers, through which we have effectively mitigated the adverse impact of market challenges. Our loss further narrowed down from RMB166.0 million in the nine months ended September 30, 2024 to RMB75.7 million in the nine months ended September 30, 2025.

We will continue to expand our business and operations, and invest in R&D as well as sales and marketing activities. If we are unable to generate adequate revenue and manage our expenses, we may incur losses and may not be able to achieve or subsequently maintain profitability.

RISK FACTORS

We have granted, and may continue to grant, various types of share-based incentives, which may result in increased share-based payments expense, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We and one of our subsidiaries adopted share incentive schemes in the Track Record Period. For the years ended December 31, 2022, 2023, and 2024, and the nine months ended September 30, 2024 and 2025, our share-based payments was RMB138.1 million, RMB3.3 million, RMB64.0 million, RMB64.0 million and nil, respectively.

We believe the granting of share-based payment is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, such share incentives would potentially dilute the shareholding of our existing Shareholders. We may consider to adopt new share incentive plans to grant various types of share-based payment incentives to eligible persons in the future, where our expenses associated with share-based payment may increase, which may affect our financial condition and results of operations.

Expiration or reduction of government incentives, grants or preferential tax treatments may adversely affect our financial condition and results of operations.

During the Track Record Period, we benefited from various forms of government support in the PRC, including grants and preferential tax policies. In particular, we received government grants of RMB43.9 million, RMB34.5 million, RMB51.5 million, RMB37.5 million and RMB23.4 million in 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, respectively, mainly include subsidies received to reward for our contribution in high and new technology and encouraged industries and tax refund, as well as subsidies for the construction of plant and facilities and reimbursement of research and development expenses. We also qualified as a high-tech enterprise and were entitled to a reduced income tax rate of 15% during the Track Record Period. In addition, we claimed super-deductions for eligible R&D expenses in accordance with prevailing PRC tax policies. See “Financial Information — Description of Major Components of Our Results of Operations,” and note 10 to the Accountants’ Report included in Appendix I to this document.

These government incentives and tax benefits are subject to change at of the applicable laws and regulations as well as the discretion of the relevant authorities. We cannot guarantee that we will continue to receive such grants or enjoy similar preferential tax treatments in the future. Any expiration or reduction of such support may adversely affect our business, financial condition and results of operations.

RISK FACTORS

We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories or lose sales.

Our inventories primarily consist of raw materials, work-in-progress and finished goods. We have taken measures to optimize our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. See “Business — Inventory Management.” As of December 31, 2022, 2023, 2024, and September 30, 2025, we had inventories of RMB923.2 million, RMB621.0 million, RMB621.0 million and RMB649.0 million, respectively. During the Track Record Period, we made provision for inventories amounting to RMB17.7 million, RMB123.4 million, RMB53.0 million and RMB4.9 million, respectively, for each of the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025. For each of the same periods years/period, our inventory turnover days were 295 days, 277 days, 230 days and 223 days, respectively.

As our business expands, our inventory level may increase and our inventory obsolescence risk may also increase accordingly. We cannot guarantee that we will be able to maintain proper inventory levels. We maintain our inventory levels based on our internal forecasts of customers’ demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

During the Track Record Period, our trade receivables primarily represent receivables from customers for sales of chips and lithium-ion battery anode material products. As of December 31, 2022, 2023, 2024 and September 30, 2025, our trade receivables (less allowance for credit losses) amounted to RMB217.8 million, RMB233.1 million, RMB247.6 million and RMB325.9 million, respectively. The credit period granted to our customers was generally 0 days to 120 days. Our trade receivables turnover days was 65 days, 79 days, 75 days and 81 days in each of the years/period of 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. See “Financial Information — Discussion of Certain Items of Statements of Financial Position — Trade and Bills Receivables at Amortized Cost and FVTOCI” in this document.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. We may not be able to receive such customers’ payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

RISK FACTORS

We may not be able to obtain additional funding on acceptable terms or at all, which may limit our ability to implement our growth plans or respond to unforeseen contingencies.

We expect to require additional capital from time to time to support our operations, invest in technology iterations, expand production capacity and fund our strategic growth initiatives. The MCU and lithium-ion battery anode materials markets are both cyclical and evolving, and our capital requirements may fluctuate based on market demand and business developments. Our ability to secure external financing is subject to various uncertainties, including our future financial performance, profitability, cash flow, market competitiveness, and the broader economic, political and credit environment in China and globally.

We cannot guarantee that financing will be available to us on commercially acceptable terms, or at all. If we are unable to obtain sufficient funding in a timely manner, we may be forced to delay or scale back our business expansion or product development plans. Additionally, any financing through equity or equity-linked securities may dilute the interests of our Shareholders. If we instead rely on debt financing, we may face increased interest expenses, restrictive covenants and repayment obligations, all of which may adversely affect our profitability, operations, and our ability to distribute dividends to our Shareholders.

We had net operating cash outflows during the Track Record Period and may experience cash flow fluctuations in the future. If we are unable to improve our liquidity or secure adequate financing, our business, financial condition and prospects may be materially and adversely affected.

For the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, we recorded net operating cash outflows of RMB640.7 million, RMB122.4 million, RMB121.3 million, RMB182.3 million and RMB49.7 million, respectively. Our working capital and cash flow are subject to various factors, including fluctuations in operating revenue, collection of receivables, payment schedules for suppliers and debt, and the timing and amount of capital expenditures. Our operating cash flow may continue to be affected by our business development and macroeconomic conditions beyond our control, such as market competition, customer demand and overall economic volatility.

If we are unable to manage these fluctuations or generate sufficient cash from our operations, we may need to seek external financing through equity, debt or other instruments. However, such financing may not be available on favorable terms or at all. Failure to improve liquidity or secure sufficient funding may limit our ability to carry out our strategic plans, fulfill contractual obligations or sustain our operations, which could in turn materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We hold certain financial assets, investment properties and investment properties at fair value. Changes in the fair value of such assets and/or properties may adversely affect our financial condition and results of operations.

We have made investments in the PE/VC Fund as well as the IC Design Investee, as well as certain wealth management products, which are recorded as financial assets at FVTPL. The stock price of principal portfolio companies held by the PE/VC Fund and the valuation of the IC Design Investee were impacted by the fluctuation of capital markets conditions during the Track Record Period, which in turn led to change of fair value of our investments in these two entities. We recorded gain from changes in fair value of financial assets at FVTPL of RMB45.7 million in 2022, and losses from changes in fair value of financial assets at FVTPL of RMB98.7 million and RMB14.3 million in 2023, 2024 and gains from changes in fair value of financial assets at FVTPL of RMB4.3 million in the nine months ended September 30, 2025, respectively.

We also hold certain investment properties, whose fair value is affected by factors market rental price and vacancy rate. We recorded losses from changes in fair value of investment properties of RMB1.0 million, RMB30.9 million, RMB11.7 million and RMB3.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

In addition, we capitalize certain R&D expenditures as intangible assets. As the MCU market has been evolving while the process from initiating a R&D project to commercial-scale manufacturing of relevant products usually takes one to three years in average, some of our self-developed products have experienced shrinking demand after its official launch to the market or during development stage. As such, we made impairment with respect to the value of intangible assets formed under and development expenditures incurred due to such R&D projects during the Track Record Period. We recorded impairment losses recognized on intangible assets of nil, RMB32.4 million, RMB12.2 million and nil in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

See “Financial Information — Description of Major Components of Our Results of Operations — Other Gains and Losses.”

The fair value of our financial assets at FVTPL, investment properties and intangible assets has been and will continue to be affected by market conditions and other factors. As such, we cannot assure you that we will not record losses from the changes in the fair value of such assets in the future, which may adversely affect our financial condition and results of operations.

RISK FACTORS

We recorded impairment loss of intangible assets in the Track Record Period, and we may record such impairment loss in the future, which may adversely affect our financial condition and results of operations.

We recorded impairment losses recognized in respect of intangible assets in 2023, 2024, primarily due to our management’s prudent assessment of prospective value of certain inhouse R&D projects. As the MCU market has been evolving while the process from initiating a R&D project to commercial-scale manufacturing of relevant products usually takes one to three years in average, some of our self-developed products have experienced shrinking demand after its official launch to the market or during development stage, which is not uncommon in the industry, according to CIC. Specifically, our management will assess our inhouse R&D projects with reference to market conditions, the availability, pricing and performance of competing products, and whether the development progress of such projects meets the expectation of the management, among others. We will engage third party valuers to appraise the projects when there are signs for potential impairment. As a result, we recognized impairment losses in relation to three software under development and three completed software in 2023, with total impairment loss of RMB32.4 million, and one software under development in 2024, with total impairment loss of RMB12.2 million.

We cannot exclude the possibility of recording impairment loss of the intangible assets in the future. If we do, such impairment loss will adversely affect our financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Our business is affected by changes in the economic, political or social conditions or government policies of the PRC.

Most of our business, assets and operations are located in the PRC, and therefore, our business, financial condition, results of operations and prospects are affected to a large extent by the general political, economic and social developments in the PRC. Similar to many other countries and regions, the PRC regulates its economy through imposing and adjusting industrial, fiscal or monetary policies from time to time. Our business has been and would continue to be affected by the PRC’s economy, which in turn is increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence the PRC’s economic growth and may cause uncertainties in our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

RISK FACTORS

Failure to comply with existing or future laws and regulations related to privacy or data security could lead to government enforcement actions, which could include civil or criminal fines or penalties, private litigation, other liabilities, and/or adverse publicity. Compliance or the failure to comply with such laws could increase the costs of our products and services, could limit their use or adoption, and could otherwise negatively affect our operating results and business.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information worldwide is rapidly evolving and is likely to change from time to time for the foreseeable future. Regulatory authorities in virtually every jurisdiction in which we operate have implemented and may be constantly introducing a number of legislative and regulatory proposals concerning personal data protection.

There are numerous laws in the jurisdictions in which we operate that protect the confidentiality of individually identifiable information and restricting the use and disclosure of that protected information.

The Standing Committee of the NPC promulgated the Personal Information Protection Law (《個人信息保護法》), which became effective on November 1, 2021, sets forth detailed rules on handling personal information and legal responsibilities and also strengthen the punishment for illegal process of personal information.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) which has taken effect on September 1, 2021, provides that relevant authorities will establish the measures for the cross-border transfer of import data, if any company violates the Data Security Law of the PRC to provide important data outside the PRC, such company may be punished by administration sanctions, including order to correct, warning, fines, and/or may order to suspension of relevant business or revocation of the business license. On July 7, 2022, the Outbound Data Transfer Security Assessment Measures (the “**Outbound Data Transfer Security Assessment Measures**”) (《數據出境安全評估辦法》) was published and become effective on September 1, 2022, which specifies that data processors who intend to provide important data and personal information that are collected and generated in the operation within the territory of the PRC to overseas shall be subject to security assessment. The Outbound Data Transfer Security Assessment Measures further stipulate the process and requirements for the security assessment. We may be subject to such outbound data security assessment, and will closely monitor and assess any relevant legislative and regulatory development, prepare for a security assessment when necessary.

Compliance with these and any other applicable laws, regulations, standards and obligations relating to data privacy, security and transfers is a rigorous and time-intensive process and may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. If we or our third-party vendors, collaborators, contractors and consultants fail to comply with any such laws or regulations, we may face proceedings against us by data protection authorities, governmental entities or others, including class action

RISK FACTORS

privacy litigation in certain jurisdictions, which would subject us to significant awards, fines, penalties, judgments, negative publicity and reputational damage, and may otherwise materially and adversely affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, the PRC has tax treaties or similar arrangements with jurisdictions across the world. Under the Enterprise Income Tax Law of the People’s Republic of China (the “EIT Law”) and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your 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 resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People’s Republic of China (《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 residents in the PRC 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 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in the PRC, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be adversely 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.

Restrictions on the remittance of Renminbi into and out of the PRC and governmental control over currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain

RISK FACTORS

procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC Government and changes in the PRC’s and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policies goals.

There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currencies.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

You may experience difficulty in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and most of our business, assets and operations are located in the PRC. In addition, the majority of our Directors and executive officers reside in the PRC, and substantially all of the assets of such Directors and executive officers are located in the PRC. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in the PRC, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of the PRC or any designated Hong Kong court with respect to any civil and commercial cases

RISK FACTORS

excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people’s court of the PRC or Hong Kong court. The PRC has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in the PRC or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between the PRC and the country where the judgment was made.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of PRC and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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

Our A Shares are listed and traded 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 [REDACTED] on the Stock Exchange. Under current laws and regulations of PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [REDACTED] between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have divergent [REDACTED] volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] performance 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. 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 [REDACTED] 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.

RISK FACTORS

There has been no prior [REDACTED] for our H Shares, their [REDACTED] may be volatile and an active [REDACTED] for our H Shares may not develop.

No [REDACTED] currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of negotiations between our Company and [REDACTED] (for themselves and the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of our H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] for our 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 rise following the [REDACTED]. The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the [REDACTED].

The [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in [REDACTED] and changes in demand for our products may cause significant and sudden changes to the [REDACTED] and [REDACTED] volume of our H Shares. Furthermore, the [REDACTED] of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] volume volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the [REDACTED] of our H Shares.

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED].

Potential [REDACTED] will pay [REDACTED] per H Share in the [REDACTED] that substantially exceeds the per H Share value of our tangible assets after subtracting our total liabilities as of September 30, 2025. Therefore, purchasers of our H Shares in the [REDACTED] will experience a substantial immediate dilution in [REDACTED] net tangible assets, and our existing Shareholders will receive an increase in the [REDACTED] adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [REDACTED], potential [REDACTED] would receive less than the amount they paid for their H Shares. For more information, see “[REDACTED] Financial Information” in Appendix II to this document.

RISK FACTORS

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official government sources or other sources contained in this document.

Certain facts, statistics and data contained in this document relating to the PRC, Hong Kong and the industries in which we operate have been derived from various official government publications, industry associations, independent research institutions, third party reports and/or other publicly available sources we generally believe to be reliable. Information from official government publications has not been prepared or independently verified by us, the [REDACTED] or any of our or their respective affiliates or advisors, and we cannot guarantee the quality or reliability of such source materials.

Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of the PRC and Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced with respect to other economies and should not be relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should give due consideration as to how much weight or importance you should attach to or place on such facts, forecasts or statistics.

You should not place any 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 PRC. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in the H Shares should be reminded that, in making their investment decisions as to whether to [REDACTED] the H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] the 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].

RISK FACTORS

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

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the net [REDACTED] from the [REDACTED] for, among other things, enhancement of our R&D capabilities, strategical investment and acquisition and supplement working capital. See “Future Plans and [REDACTED].” However, our management will have discretion as to the actual application of our net [REDACTED]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net [REDACTED] from this [REDACTED].

There is no assurance whether and when we will pay dividends, which is subject to restrictions under PRC law.

No dividend had been paid or declared by our Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS Accounting Standards. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light

RISK FACTORS

of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise.

Certain statistics contained in this document are derived from publicly available official sources.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the semiconductor industry in China and internationally. Such information and statistics have been derived from various official governments and other publications. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information and statistics from official government sources have not been independently verified by the Company, the Sole Sponsor, the [REDACTED], any of our or their respective Directors, executive officers or representatives or any other person involved in the [REDACTED] and no representation is given as to their accuracy.

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer’s executive directors must be ordinarily resident in Hong Kong.

Currently, all of our executive Directors reside in the PRC and for the foreseeable future will not be ordinarily resident in Hong Kong. Our Group’s business operations and assets are primarily based outside Hong Kong, and it would be practically difficult and not commercially necessary for us to relocate our executive Directors to Hong Kong, or to appoint additional executive Directors solely for the purpose of satisfying Rules 8.12 and 19A.15 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules subject to, among others, the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Ms. Ye Yantao (“**Ms. Ye**”), our executive Director, deputy general manager and secretary of our Board, and Mr. Lui Wing Yat Christopher (“**Mr. Lui**”), our joint company secretary, who will act as our Company’s principal channel of communication with the Stock Exchange. Mr. Lui is ordinarily resident in Hong Kong. Although Ms. Ye resides in the PRC, she possesses valid travel documents and is able to renew such travel documents when they expire to travel to Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email (where available). Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance and Mr. Lui has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;
- (b) both of our authorized representatives have means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. Each of our Directors has provided his/her respective mobile phone numbers, office phone numbers, fax numbers and/or email addresses (where available) to our authorized representatives. In the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives or maintain an open line of communication via his/her mobile phone.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Each of our Directors and authorized representatives has provided his/her mobile phone numbers, office phone numbers, fax numbers and/or email addresses (where available) to the Stock Exchange;

- (c) pursuant to Rule 3A.19 of the Listing Rules, we have appointed South China Capital Limited as our compliance advisor (the “**Compliance Advisor**”), which shall have access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and
- (d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the Compliance Advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

According to Chapter 3.10 of the Guide, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the [REDACTED] (the “**Waiver Period**”) and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Ms. Ye and Mr. Lui as our joint company secretaries. Ms. Ye joined our Group in October 2010 and served and has been serving as our Director from May 2020 to May 2021 and from May 2023 (designated as our executive Director in June 2025), has been serving as our deputy general manager and secretary of our Board since June 2020. Ms. Ye has been primarily responsible for corporate governance, investor relations and company secretarial matters of our Group. Our Directors are of the view that, having regard to Ms. Ye’s thorough understanding of the overall business operations and corporate governance matters of our Group, she is considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are substantially

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

based and conducted in the PRC, our Directors believe that it is necessary to appoint Ms. Ye as a company secretary whose presence in the headquarters of our Group enables her to attend the day-to-day corporate secretarial matters of our Group and to take the necessary actions in an effective and efficient manner.

However, given that Ms. Ye does not possess a qualification stipulated in Rule 3.28(1) of the Listing Rules nor the “relevant experience” set out in Rule 3.28(2) of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. In order to provide support to Ms. Ye, we have appointed Mr. Lui, a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to closely work with and provide support to Ms. Ye during the Waiver Period so as to enable Ms. Ye to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties as a company secretary of a listed issuer.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Ye and Mr. Lui as our joint company secretaries on the condition that Ms. Ye will be assisted by Mr. Lui as our joint company secretary throughout the Waiver Period. By virtue of his experience in corporate secretarial practice, Mr. Lui is, in our Directors’ opinion, a qualified and suitable person to render assistance to Ms. Ye so as to enable her to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties. In addition, Ms. Ye will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the Waiver Period. Our Company will further ensure that Ms. Ye has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

Such waiver will be revoked immediately if and when Mr. Lui ceases to provide such assistance or our Company commits any material breaches of the Listing Rules during the Waiver Period. Before the expiry of such three-year period, we will liaise with the Stock Exchange to enable it to assess the then experience of Ms. Ye, having had the benefit of Mr. Lui’s assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See “Directors and Senior Management” in this document for the biographical information of Ms. Ye and Mr. Lui.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Sun Yingtong (孫迎彤)	Room 2201 Nsing Tower No. 109 Baoshen Road Nanshan District, Shenzhen Guangdong Province PRC	Chinese

Mr. Kan Yulun (闕玉倫)	No. 112, Lane 408 Xiangnan Road Zhangjiang Town Pudong New Area, Shanghai PRC	Chinese

Ms. Ye Yantao (葉艷桃)	B1-1-703 No. 2 Chando Road Xixiang Subdistrict Bao'an District, Shenzhen Guangdong Province PRC	Chinese

Non-executive Director

Mr. Zhou Bin (周斌)	2C, Building 11 No. 1004, Keji South Road Nanshan District, Shenzhen Guangdong Province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality

Independent non-executive Directors

Mr. Chen Weiwu (陳衛武)	No. 52, Shannei Village Min'an Town Zhanjiang City Guangdong Province PRC	Chinese
Ms. Hao Dan (郝丹)	Tower 1A 9 Austin Rd West Jordan, Kowloon Hong Kong	Chinese
Ms. Ji Xingdan (吉杏丹)	Room 3102, Building 3 No. 39 Yangmei Road Longgang District, Shenzhen Guangdong Province PRC	Chinese

See “Directors and Senior Management” in this document for further details of our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place

88 Queensway

Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal advisors to our Company

As to Hong Kong and United States laws:

Sidley Austin

Level 39, Two International Finance Centre

8 Finance Street

Central

Hong Kong

As to PRC law:

Han Kun Law Offices

20/F Kerry Plaza Tower 3

1-1 Zhongxinsi Road

Futian District

Shenzhen 518048

PRC

As to Singapore laws:

Incisive Law LLC

120 Robinson Road

#08-01, 068913

Singapore

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

	<i>As to International Sanctions law</i> Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo Shiroyama Trust Tower 30th Floor 4-3-1 Toranomom Minato-ku, Tokyo Japan
Legal advisors to the Sole Sponsor and the [REDACTED]	<i>As to Hong Kong and United States laws:</i> Linklaters 11th Floor, Alexandra House 18 Chater Road Central Hong Kong <i>As to PRC law:</i> King & Wood Mallesons 25th Floor, Guangzhou CTF Finance Centre No. 6 Zhujiang East Road Zhujiang New Town Tianhe District Guangzhou PRC
Auditors and Reporting Accountants	Deloitte Touche Tohmatsu 35/F, One Pacific Place 88 Queensway, Hong Kong
Independent Property Valuer	Jones Lang LaSalle Corporate Appraisal and Advisory Limited 7/F One Taikoo Place 979 King’s Road Hong Kong
Industry Consultant	China Insights Industry Consultancy Limited 10th, Block B Jing’an International Center 88 Puji Road Jing’an District Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered office

1/F, Nsing Tower
No. 109 Baoshen Road
Songpingshan Community
Xili Street
Nanshan District, Shenzhen
Guangdong Province
PRC

Headquarters

1/F, Nsing Tower
No. 109 Baoshen Road
Songpingshan Community
Xili Street
Nanshan District, Shenzhen
Guangdong Province
PRC

Principal place of business in Hong Kong

Room 1918, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Company’s website

www.nsingtech.com
*(Information on this website does not form
part of this document)*

Joint company secretaries

Ms. Ye Yantao (葉艷桃)
B1-1-703
No. 2 Chandao Road
Xixiang Subdistrict
Bao’an District, Shenzhen
Guangdong Province
PRC

Mr. Lui Wing Yat Christopher (呂穎一)
*(Chartered secretary, chartered governance
professional and associate member of both
The Hong Kong Chartered Governance
Institute and The Chartered Governance
Institute in the United Kingdom)*
Room 1918, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

CORPORATE INFORMATION

Authorized representatives

Ms. Ye Yantao (葉艷桃)
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Nomination Committee

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INDUSTRY OVERVIEW

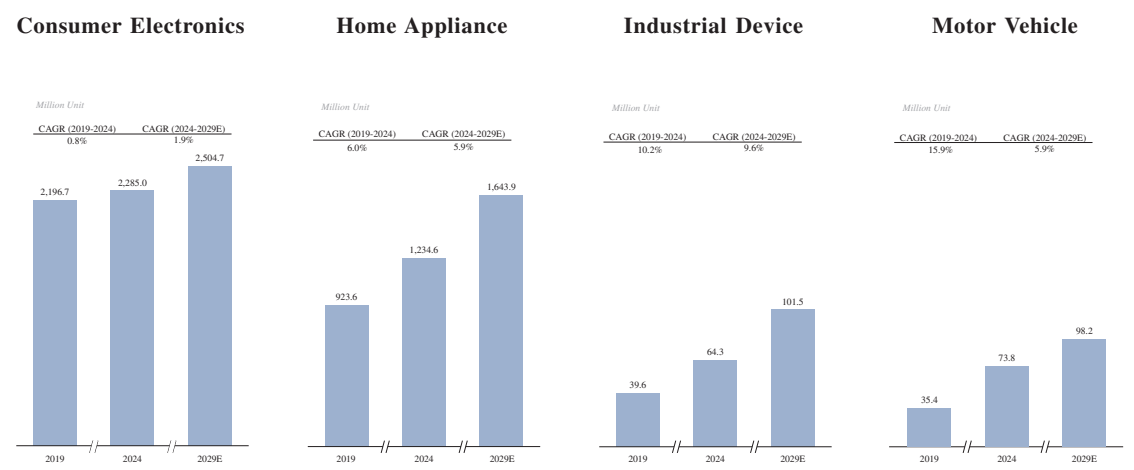
The data and insights presented in this section are sourced from the China Insights Industry Consultancy Limited (“CIC”) industry report titled “Industry Report on Global MCU and Lithium-ion Battery Material Industry” (the “CIC Report”), which we have commissioned. Unless stated otherwise, CIC has advised us that the statistical and graphical information contained herein is drawn from its database and other sources. Information and statistics derived from official government sources have not been independently verified. The following discussion contains projections for future growth, which may not occur at the rates that are projected or at all.

THE ERA OF GLOBAL SMART DEVICES

The rapid development of AI technology has moved beyond academic theory and into practical use, powering a wide range of devices and ushering in a global era of smart devices.

The deep integration of AI is pushing end devices to become faster, more efficient, and more convenient. AI technologies are reshaping consumer electronics, automotive, and industrial sectors, and are now extending into healthcare, agriculture, and other industries, transforming traditional production and service models.

Global Shipment Volume of Smart Devices, 2019 & 2024 & 2029E



Source: CIC

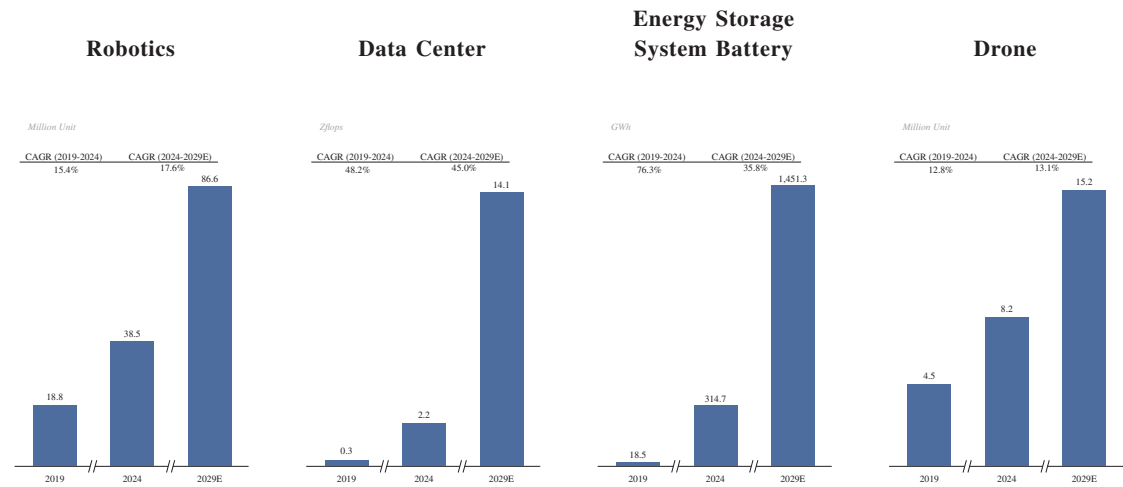
Notes:

- (1) The above device data represents the number of smart devices across various sectors. In the automotive sector, motor vehicles equipped with smart cockpits or smart driving are considered smart devices.

INDUSTRY OVERVIEW

In consumer electronics, AI is driving personalization, compactness, intelligence, and premiumization, opening new markets and inspiring product upgrades. In industrial applications, favorable policies and rising demand for high-precision manufacturing are accelerating the intelligent upgrade of smart devices. In the automotive electronics sector, the rise of new-energy vehicles (NEVs), smart cockpits, and autonomous driving is fueling explosive growth. For the smart home sector, the AIoT trend is expanding device categories and driving intelligence upgrades. Meanwhile, sectors such as healthcare, digital energy, banking, and finance are rapidly adopting AI-driven smart devices.

Global Shipment Volume of Smart Device in Emerging Application Areas, 2019 & 2024 & 2029E



Source: CIC

The rapid advancement of AI technologies has spawned a variety of emerging end-product application scenarios, including robotics, high-performance computing centers, digital energy systems, and the low-altitude economy. Global robotics installations reached 38.5 million units in 2024 and are projected to grow to 86.6 million units by 2029 at a 17.6% CAGR; global data-center computing capacity attained 2,207 Eflops in 2024 and is expected to expand to 14,130 Eflops by 2029 at a 45.0 % CAGR; new energy storage system lithium-ion battery shipments reached 314.7 GWh in 2024 and are forecast to increase to 1,451.3 GWh by 2029 at a 35.8% CAGR; and annual drone shipments totaled 8.2 million units in 2024, with a projected rise to 15.2 million units by 2029 at a 13.1% CAGR. These trends highlight the strong growth potential across these nascent markets.

As AI technologies evolves, smart devices are becoming more complex and demanding. They now require stronger data processing, secure communications, better energy efficiency, and enhanced reliability. In this process, semiconductor technology becomes critical, and MCUs — also known as micro-control units — are central to bridging sensing and execution and enabling device intelligence. MCU performance dictates how effectively a smart device senses, processes, and responds to its environment. The demand for MCUs per device increases

INDUSTRY OVERVIEW

as various application scenarios are becoming more intelligent, which led to more complex control and functions. Thus, MCUs are becoming increasingly integrated and valuable. Each MCU is expected to become more technically advanced and complex, increasing both its price and its strategic value.

OVERVIEW OF THE GLOBAL MCU INDUSTRY

Definition and Classification of the MCU Industry

An MCU (micro-control unit) is a highly integrated, chip-level controller that combines a processor, memory, programmable I/O peripherals, and other functional modules (e.g., ADC, PWM, communication interfaces). It is widely used to manage control tasks in electronic systems.

As semiconductor technology advances, MCUs have achieved successive breakthroughs in process nodes, computing performance, power optimization, and integration density. They have evolved from early 8-/16-bit, low-power consumption control to 32-bit, high-performance units, adding features such as AI acceleration and wireless connectivity (e.g., Wi-Fi, Bluetooth). These upgrades allow MCUs to meet the growing demands for real-time performance, energy efficiency, and multifunctionality in smart devices.

As downstream application scenarios become more complex, MCUs are evolving from discrete chips into modular solutions, aligning with chips development trend toward higher integration and specialization. Serving as the central unit for program execution, peripheral control, power management, and system coordination, MCUs are increasingly involved with a wide range of specialized functional chips. This transformation positions the MCU as a fundamental unit for control logic and task management within modern intelligent systems.

Evolution of MCU in the Smart Device Era

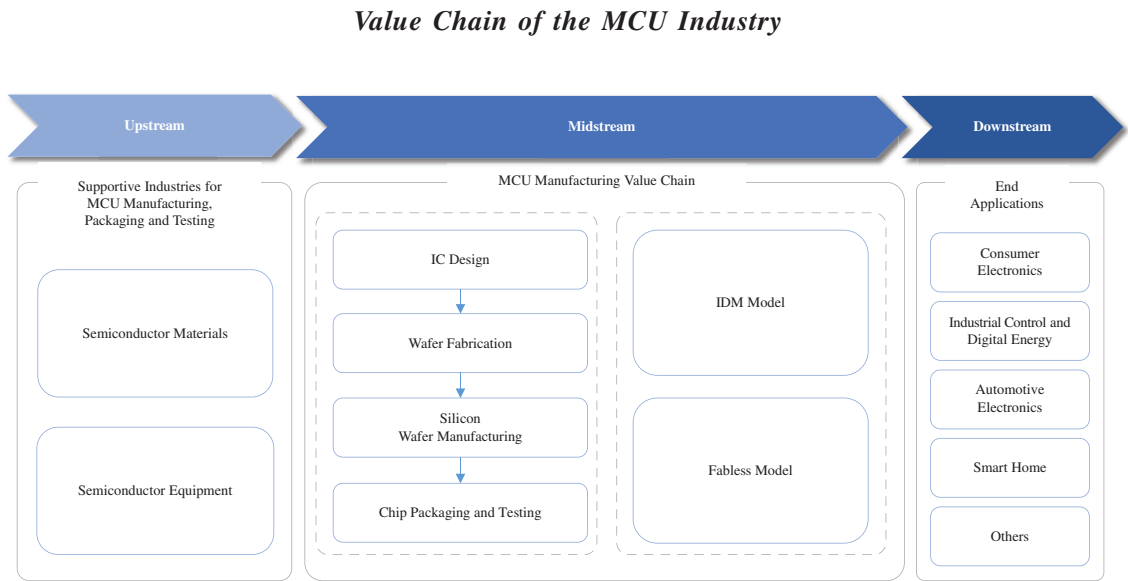
In the era of smart devices, data volumes and execution complexity are rising sharply. As the core control unit, the MCU is required to support intelligent functions while controlling cost, power, and space constraints. Key trends include:

- **Edge AI capability:** As foundation models move to edge devices, more and more MCUs now embed NPUs and run lightweight AI models for tasks like image recognition, voice wake-up, and basic inference.
- **Heterogeneous multi-core architecture:** Tasks of smart devices now span real-time control and compute-intensive workloads. Single-core MCUs can no longer meet all requirements; integrating high-performance cores with low-power consumption cores achieves the necessary balance between processing power and energy efficiency.

INDUSTRY OVERVIEW

- **Greater functional integration:** To satisfy the strict constraints of size, power consumption, and cost, advanced MCUs are increasingly integrating wireless communications, analog interfaces, and high-speed peripherals, reducing external chip reliance and enhancing overall design efficiency and stability.
- **Stronger security and reliability:** As end devices becomes smarter and more connected, MCU security and reliability requirements have risen sharply. MCUs are required to protect data and ensure stable, long-term operation — even in harsh environments.

Value Chain of the MCU Industry



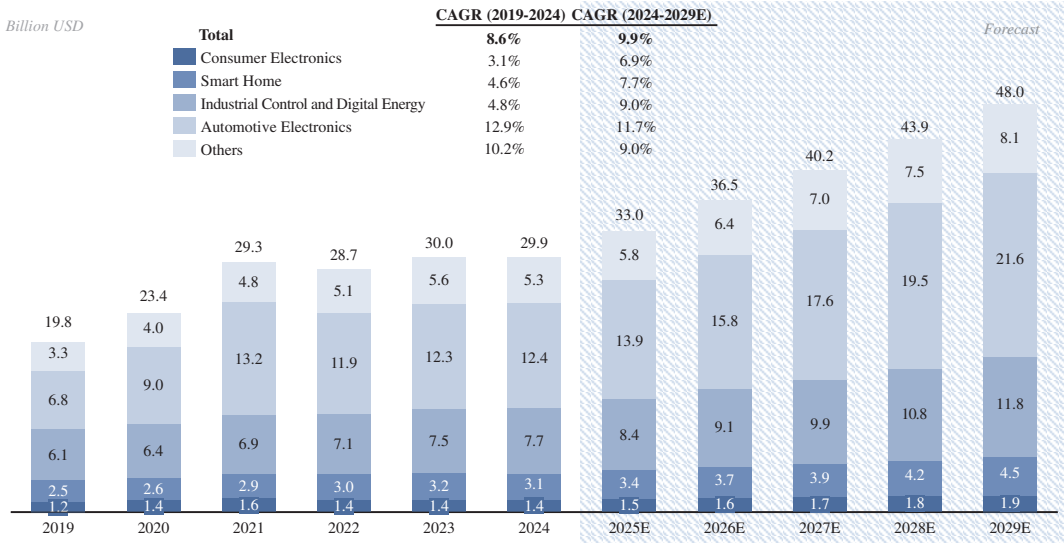
Source: CIC

The MCU value chain has three key stages: upstream, midstream, and downstream. The upstream segment comprises industries that supply semiconductor materials and equipment necessary for MCU design and production. The midstream segment covers the core stages of MCU production and can be further divided into four sub-stages: IC design, silicon wafer fabrication, wafer processing, and chip packaging and testing. Companies following the full in-house model are known as IDMs (Integrated Device Manufacturer). In contrast, companies that focus solely on IC design and end-product sales are known as Fabless firms. The downstream segment encompasses a broad range of end-market applications, including consumer electronics, industrial control and digital energy, automotive electronics, smart home, and others. As MCUs expand into various application scenarios, their market size and importance grow in tandem with demands for integration and security.

INDUSTRY OVERVIEW

Market Size of the MCU Industry

Market Size of Global MCU Industry, 2019-2029E



Source: CIC

The global MCU market grew from USD19.8 billion in 2019 to USD29.9 billion in 2024, representing a CAGR of 8.6%. The market is expected to continue expanding at a rapid pace, reaching USD48.0 billion by 2029 with a projected CAGR of 9.9%.

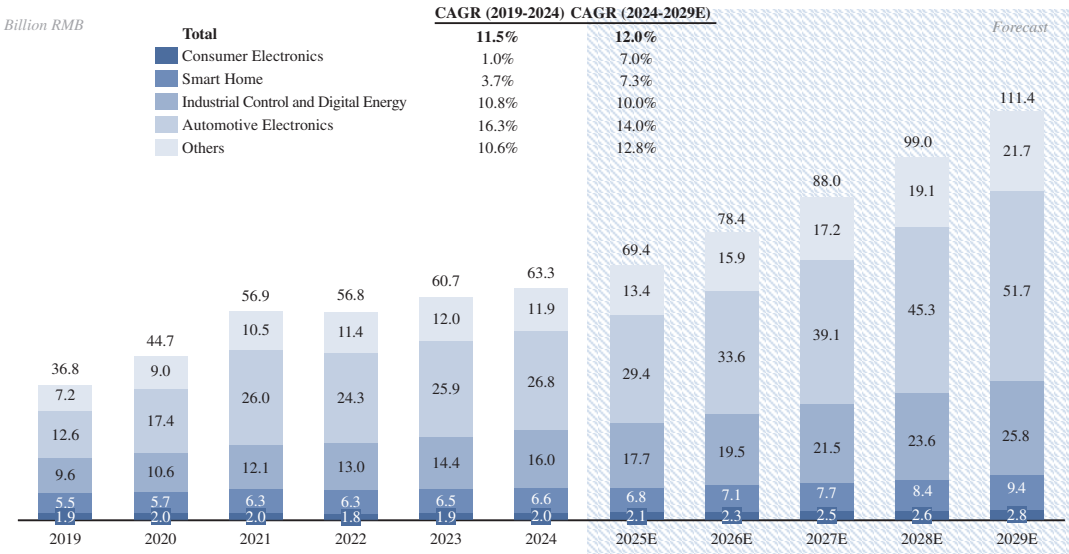
Growth drivers include ongoing upgrades of end products, such as wearables and entertainment devices in consumer electronics sector, toward intelligence, compactness, and premiumization. In industrial control and digital energy sector, automation drives the demand for more stable and high-end products, further supporting market growth. In the automotive electronics sector, intelligent transformation is accelerating, making it the fastest-growing MCU market segment in recent years and a key driver of future demand. In the smart home sector, edge computing and function integration are key forces behind market expansion.

Beyond traditional sectors, emerging industries are expected to further expand the scope of MCU applications. AI-enabled MCUs for industrial vision, voice control, and image processing require embedded chips to deliver adequate computing power and support AI frameworks. The global MCU market for Edge AI scenarios is expected to surge from USD0.7 billion in 2024 to USD2.7 billion by 2029, representing a CAGR of 31.0%. Robotics is also advancing rapidly, with downstream applications transforming industrial collaboration, household services, commercial services, and embodied intelligence. The global MCU market for robotics field is projected to grow from USD0.3 billion in 2024 to USD0.9 billion in 2029, a CAGR of 27.4%. In the new energy sector, whether in battery swap cabinets, energy storage systems, or charging stations, MCUs must meet stringent requirements for reliability and system security. The global MCU market for new energy applications is expected to rise from

INDUSTRY OVERVIEW

USD0.5 billion in 2024 to USD2.2 billion in 2029, representing a CAGR of 32.3%. In the low-altitude economy sector, high-performance MCU chips are required to ensure the stable operation of flight control and other functions. The global MCU market for low-altitude economy applications projected to rise from USD0.3 billion in 2024 to USD0.8 billion in 2029, representing a CAGR of 19.5%. Together, these emerging fields are driving continued innovation and rising demand for MCUs globally.

Market Size of China's MCU Industry, 2019-2029E



Source: CIC

China's MCU market has experienced rapid growth, expanding from RMB36.8 billion in 2019 to RMB63.3 billion by 2024, representing a CAGR of 11.5%. The market is expected to maintain its high growth, reaching RMB111.4 billion by 2029 with a projected CAGR of 12.0%.

China is now the fastest-growing smart device market, driven by rapid expansion in sectors such as consumer electronics, industrial upgrading, and NEVs — all of which generate substantial MCU demand. Driven by rapid improvements in technical capabilities, Chinese MCU providers are able to swiftly launch products that better meet market needs, resulting in significantly faster growth of the Chinese MCU market compared to the global market.

INDUSTRY OVERVIEW

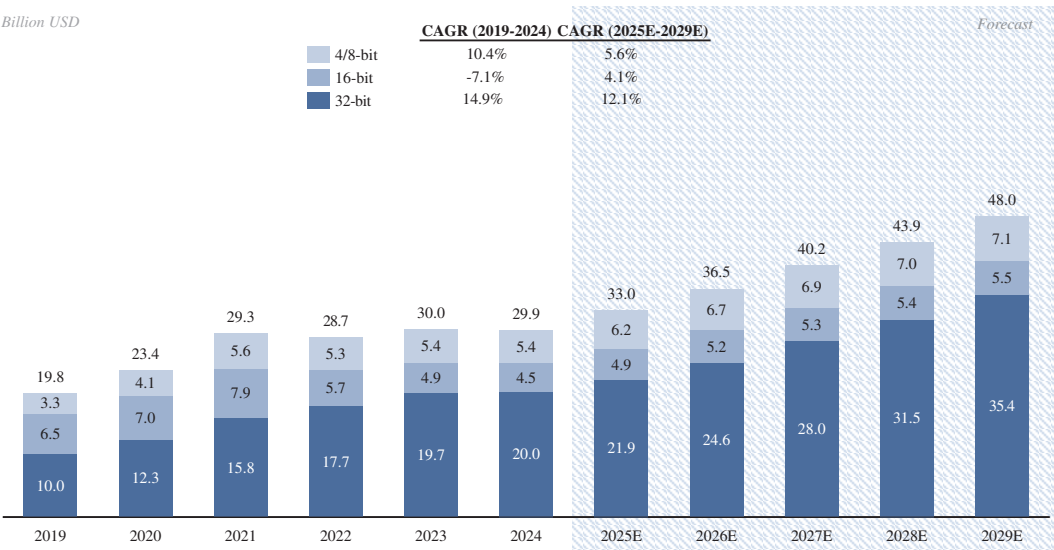
A data bus is a group of parallel conductors used to transfer data between a MCU and peripheral modules or others. The width of the data bus refers to the number of bits that can be transferred at one time and is a key technical specification for MCU, and similar chips. The higher the bits lead the stronger processing capability per instruction. Thus, MCU can be classified by data bus width into 4-bit, 8-bit, 16-bit, 32-bit, and even 64-bit. The table below sets out the differences among them.

Comparisons of MCU Products with Different Specification

	4-bit MCU	8-bit MCU	16-bit MCU	32-bit MCU	64-bit MCU
Data Bus Width	4-bit	8-bit	16-bit	32-bit	64-bit
Clock Frequency (MHz)	1-10	1-40	10-50	50-600, up to 1,000	500-3,000
Power Consumption	Low	Medium-low	Medium	Medium-high	High
Processing Performance (MIPS)	<1	1-20	10-40	50-1,000+	1,000+
Cost	Low	Medium-low	Medium	Medium-high	High
Sample Application Scenarios	Electronic clocks, remote controls	Home appliances, low-end sensors	Motor control, industrial measurement and control	IoT, automotive ECUs, medical electronics	High-performance embedded systems

With the development of manufacturing technology and demand requirement from downstream sectors, 4-bit MCU have largely been phased out since its limited performance, while 64-bit MCU is also rarely seen and primarily used in high-end embedded systems and high-performance SoCs. As such, the current market for MCU is mainly composed of 4/8 bit, 16-bit, and 32-bit products.

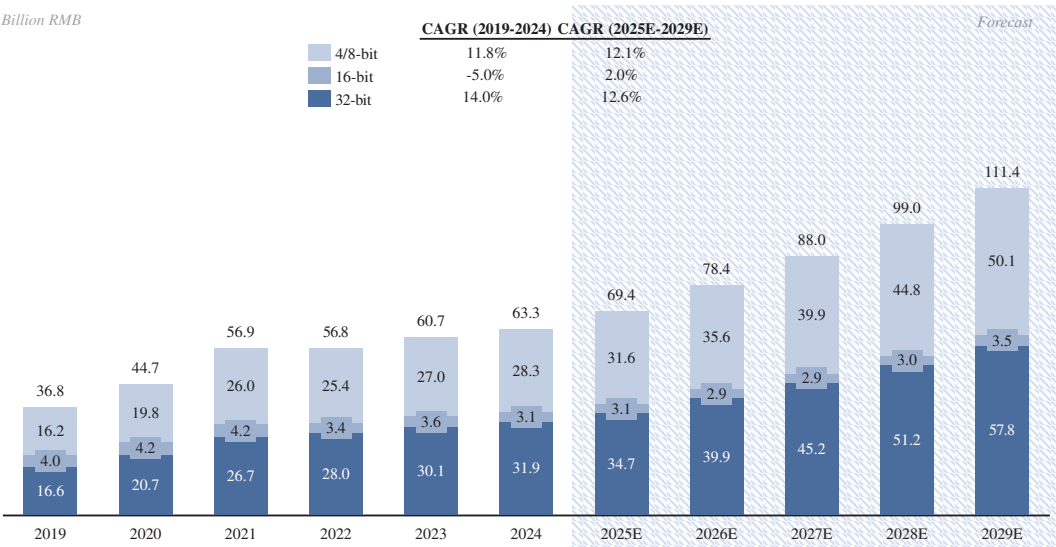
Market Size of Global MCU by Bit Class, 2019-2029E



INDUSTRY OVERVIEW

Globally, 32-bit MCU have dominated the market since 2019, accounting for over 50% of total market share, with a market size of approximately USD10.0 billion. They have grown at a CAGR of 14.9% to reach USD20.0 billion in 2024, and are expected to continue growing at a high CAGR of 12.1% to reach USD35.4 billion by 2029. In contrast, the market for 16-bit MCU has experienced significant fluctuations. It was valued at USD6.5 billion in 2019 and surged in 2020 due to supply shortages. However, increased production capacity and competition from lower-cost alternatives led to a market decline, shrinking to USD4.5 billion by 2024, representing a CAGR of -7.1%. Looking forward, as excess capacity is absorbed and demand grows in emerging markets such as Africa and South America, the segment is expected to recover, with a projected CAGR of 4.1%, reaching USD5.5 billion by 2029. The 4/8-bit MCU market has shown relatively steady growth. With the application expansion and market development driven by overcapacity, the market grew from USD3.3 billion in 2019 to USD5.4 billion in 2024, with a CAGR of 10.4%. It is expected to grow at a CAGR of 5.6% to reach USD7.1 billion by 2029.

Market Size of China MCU by Bit Class, 2019-2029E

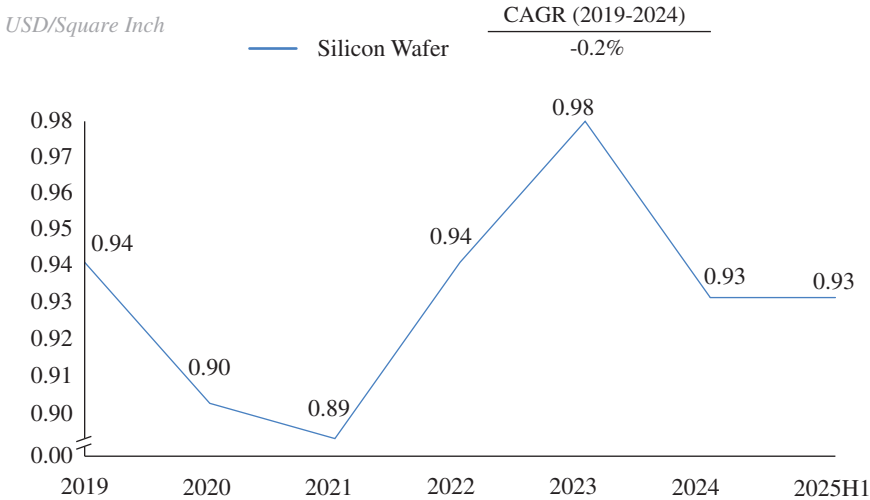


Compared with the global market, the segmentation of MCU market sizes by bit width in China is more pronounced. The rapid expansion and upgrades in downstream sectors such as new energy vehicles and consumer electronics, along with strong demand from high-volume products like white goods in the large single Chinese market, have driven substantial demand for 32-bit and 4/8-bit MCU separately. On the other hand, 16-bit MCU are facing declining market share due to weaker performance compared to 32-bit MCU and lower cost-effectiveness relative to 4/8-bit MCU. Specifically, the 4/8-bit MCU market in China grew from RMB16.2 billion in 2019 to RMB28.3 billion in 2024 at a CAGR of 11.8%, and is expected to reach RMB50.1 billion by 2029 with a CAGR of 12.1%. The 32-bit MCU market increased from RMB16.6 billion in 2019 to RMB31.7 billion in 2024 at a CAGR of 14.0%, and is forecasted to reach RMB57.8 billion by 2029 with a CAGR of 12.6%. Meanwhile, the 16-bit MCU market declined from RMB4.0 billion in 2019 to RMB3.1 billion in 2024 at a CAGR of -5.0%, and is projected to slightly increase to RMB3.5 billion by 2029, with a CAGR of 2.5%.

INDUSTRY OVERVIEW

Historical Market Price of MCU Products and Key Raw Materials of MCU

Historical Price Trend of Key Raw Materials of the MCU, 2019-2025H1



Silicon wafer is the fundamental raw material for MCU chips. After undergoing a series of processes including wafer fabrication, slicing, packaging, and testing, it become bare dies for MCU chip production. The average price of silicon wafer got fluctuated between 2019 and 2024: from 2019 to 2021, price declined due to capacity expansion and intensified competition; from 2021 to 2023, price rose overall as demand for high-end chips increased and shipments of advanced process products grew; in 2024, price fell again due to capacity expansion in mature process products and excess inventory. In the first half of 2025, price have remained relatively stable, and for the full year, it's expected to trend steadily upward.

In addition to fluctuations in the raw material prices of MCUs, the MCU segment, as well as the broader semiconductor industry, has experienced significant volatility over the past few years. Given the wide variety of MCU specifications and a broad range of downstream application sectors, the average market price of MCUs holds relatively limited reference value.

Nevertheless, it is evident that the overall semiconductor industry experienced great fluctuations during the past years. The global semiconductor sales increased by 6.50%, 26.63% and 3.27% in 2020, 2021 and 2022, respectively, when the surge in orders coupled with supply shortages caused by supply chain disruptions led to a rapid escalation in prices. The sales volume turned in an 8.24% decrease in 2023, and the price was also significantly revised down, gradually returning to near the level around 2020.

Looking ahead, as the supply-demand balance returns to normal, demand for MCUs with high performance and high reliability in downstream applications is expected to become the dominant factor affecting pricing. The price of MCU is expected to stabilize starting from 2025 and gradually go upwards in the foreseeable future.

INDUSTRY OVERVIEW

Market Drivers of the MCU Industry

- **Expanding applications driven by the AIoT trend:** With the rapid adoption of smart home devices, wearables, and intelligent security systems, MCU chips have become the core components for control and perception in various end devices, continuously expanding their application boundaries.
- **Upgrading demand for product performance amid industrial intelligence transformation:** Industry 4.0 is propelling smart manufacturing, placing higher demands on MCU performance in terms of real-time responsiveness, stability, and environmental adaptability, which in turn drives the rapid growth of the mid- to high-end MCU market.
- **Rising demand for automotive chips driven by electrification and intelligentization of vehicles:** Systems such as smart cockpits, ADAS, BMS, and motor control extensively use MCU chips. The number of MCUs installed per vehicle continues to rise, making automotive electronics one of the main engines of MCU market growth.
- **Various emerging industries significantly raising the market ceiling:** The demand for edge intelligent control chips is growing rapidly in applications such as edge AI, robotics, new energy and low-altitude economy sectors. Serving as the control hub in smart devices, MCUs play a crucial role and are expected to exhibiting strong growth momentum in the future.

Future Trends in the MCU Industry

- **Integration of MCU chips with other modules and chips:** An increasing number of MCU chips are integrating wireless communication, sensor interfaces, and AI accelerators, thereby enhancing system integration and cost-efficiency.
- **Rising demands for security and reliability:** As intelligence transformation continues to deepen across industries, MCUs are becoming foundational components for device security and operational stability, especially in applications such as IoT, automotive electronics, financial systems, and high-concurrency control scenarios.
- **Advanced specifications and high-end functional integration:** With the surge in edge AI demand, MCUs are incorporating computing modules, such as NPUs, to support intelligent edge applications and evolving toward higher core clock speeds and heterogeneous multi-core architectures, which increased the number of instructions executed per unit time and expanded overall computing capacity.
- **Upgrading of software capabilities and ecosystem development:** Industry participants are strengthening their support for MCU software toolchains, operating systems, drivers, and middleware to build integrated hardware-software development ecosystems and lower the development barriers for customers.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF THE MCU INDUSTRY

The Competitive Landscape of the MCU Industry

Based on business orientation and strategy, the MCU industry participants can be categorized as either platform-based or vertically specialized providers. The former primarily offer general-purpose MCU product across multiple sectors, while the latter focus on specific industries or applications, providing highly customized dedicated MCUs.

Compared with vertically specialized providers, platform-based providers have several advantages, including but not limited to:

- **Superior development platforms and reusable, highly compatible toolchains:** Platform-based providers typically build highly compatible, extensible software and hardware ecosystems, including unified core architectures, mature SDKs and middleware, and cross-product-line debug toolchains and so on, which greatly reduces switching costs between products for developers, significantly boosting customer reuse and development efficiency.
- **Comprehensive product portfolio enhances customer retention:** Platform-based providers typically provide full product series ranging from entry-level to high-performance MCUs. They can meet customer needs across development stages — from prototyping to mass production and from simple control to edge intelligence — thereby increasing customer retention and enabling horizontal growth.
- **Support for multiple industries with extended product lifecycles:** Platform-based providers serve diverse sectors (consumer electronics, motor vehicles, industrial control, digital energy, etc.). This spreads risk and prolongs product relevance as market dynamics shift.
- **Stronger ecosystem-building capabilities:** Platform-based providers often possess robust ecosystem development capabilities, building full-stack support systems around their chips to lower development barriers and accelerate time-to-market. In emerging applications such as robotics, this “platform + tools + community + services” ecosystem has become a key criterion for customers selecting an MCU platform, of which both developer communities and technical support services led by MCU platform contributes to long-term market competition.

Companies in the Chinese MCU markets can be categorized as domestic and overseas companies. Among them, domestic companies have gradually enhanced their competitiveness and market share in the global MCU industry by leveraging advantages such as cost-effectiveness, supply chain strengths, shorter development cycles, and greater flexibility.

INDUSTRY OVERVIEW

The Ranking of the MCU Industry

The Company ranks as the fifth largest company among Chinese platform-based providers in terms of MCU revenue in 2024. The market share is calculated based on the MCU revenue of China’s MCU market in 2024.

Ranking of Chinese platform-based MCU Providers, in terms of MCU revenue in 2024

Ranking	Market Players	2024 MCU Revenue, billion RMB	Market Share
1	Company A	~1.7	~2.7%
2	Company B	~1.0	~1.6%
3	Company C	~0.9	~1.4%
4	Company D	~0.8	~1.3%
5	The Company	~0.5	~0.8%

Source: CIC

Notes:

- (1) Company A was established in 2005 and headquartered in Beijing that specializes in high-performance flash memory, general-purpose MCUs, sensors, and intelligent analog products. The company was listed on the Shanghai Stock Exchange in 2016.
- (2) Company B was established in 1994 and headquartered in Shanghai that focuses on industrial control MCUs, BMS chips, and AMOLED display driver ICs. It was listed on the Shenzhen Stock Exchange in 2012.
- (3) Company C was established in 2001 and headquartered in Shenzhen that offers MCUs, as well as mixed-signal and analog chips. The company was listed on the Shanghai Stock Exchange in 2022.
- (4) Company D was founded in 2021 and headquartered in Beijing and is a subsidiary of China Electronics Corporation. The company focuses on high-reliability and security-oriented MCUs.

Among these market participants, The Company specializes in high-performance, 32-bit MCU series built on advanced architecture. Based on 2024 32-bit MCU revenue, the Company is the third-largest Chinese platform-based 32-bit MCU provider. The market share is calculated based on the 32-bit MCU revenue of China’s 32-bit MCU market in 2024.

Ranking of Chinese platform-based MCU Providers, in terms of 32-bit MCU revenue in 2024

Ranking	Market Players	2024 32-bit MCU Revenue, billion RMB	Market Share
1	Company A	~1.7	~5.3%
2	Company D	~0.6	~1.9%
3	The Company	~0.5	~1.6%
4	Company E	~0.3	~0.9%
5	Company B	~0.2	~0.6%

Source: CIC

Notes:

- (1) Company E was founded in 2003 and headquartered in Shenzhen, which focuses on MCU and analog chips. The Company was listed on the Shanghai Stock Exchange in 2020.

INDUSTRY OVERVIEW

The Company is the first domestic MCU design company to launch MCU products featuring a heterogeneous multi-core architecture of Cortex-M7 + M4 cores and GPU, achieving a balance between general-purpose functionality and computational performance. The Company’s MCUs support a maximum core clock speed of up to 700 MHz, ranking as the highest among leading domestic industry participants. In terms of memory capacity, the Company’s N32H78x series offers up to 4,096 KB of Flash and expandable SRAM of up to 9,696 KB — both leading specifications within the industry — suitable for supporting complex or high-concurrency control systems.

Entry Barriers in the MCU Industry

- **Technical depth & architecture barrier:** Developing MCU, especially 32-bit MCUs need deep expertise in core architecture, low-power consumption optimization, real-time performance, and heterogeneous multi-core systems — tailored to diverse use cases — which takes years to cultivate.
- **Brand reputation and ecosystem barriers:** MCUs are embedded in the core control of devices, which typically have long life cycles, high stability requirements, and high replacement costs. As such, brand trust often serves as a key threshold for market entry. In addition to the chip, leading companies tend to build comprehensive hardware-software ecosystems, along with efficient technical support networks, to enhance customer engagement and loyalty.
- **Lengthy downstream validation and customer lock-in:** MCUs are embedded in control systems with long validation cycles (6 months — several years). Once cooperation begins, customers show low willingness to switch, reinforcing strong customer lock-in. For high-end MCUs, the validation process is even more rigorous, multifaceted, and time-consuming due to higher functional complexity and performance requirement.
- **Certification barriers:** Most MCU chips require stringent industry certifications, such as AEC-Q100 (automotive-grade), ISO 26262 (functional safety), and UL standards. These certifications involve long cycles and complex processes, which makes it one of the main barrier for new market entrants. In particular, high-end MCUs intended for critical applications such as autonomous driving systems must meet ASIL-B or higher functional safety standards. Certification credentials therefore represent a key selection criterion for customers.
- **Comprehensive supply-chain ecosystem barriers:** MCU manufacturing relies on mature IP licensing, EDA tools, advanced foundries, and packaging/testing infrastructure. Established industry participants benefit from secured foundry contracts and integrated supply-chain capabilities — hard for new entrants to match.

INDUSTRY OVERVIEW

GLOBAL LITHIUM-ION BATTERY ANODE MATERIALS MARKET OVERVIEW

Definition and Classification of Lithium-ion Battery Anode Materials

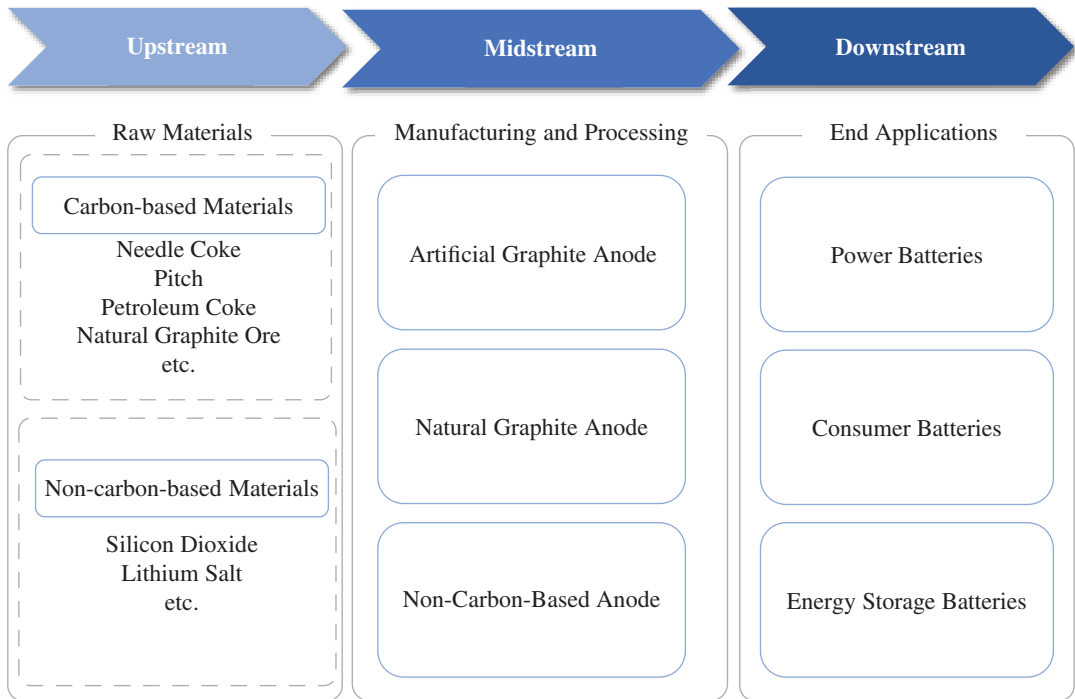
Lithium-ion battery anode materials are key components in lithium-ion batteries used to store and release lithium ions, playing a critical role in energy storage and release. They mainly affect the battery’s initial efficiency, cycling performance, and other core metrics. In recent years, driven by the increasing penetration of new energy vehicles and the rapid growth in energy storage demand, the global lithium-ion battery industry has entered a phase of accelerated development.

Lithium-ion battery anode materials are generally classified into two major categories: carbon-based and non-carbon-based materials. Carbon-based materials include needle coke, pitch, petroleum coke and natural graphite ore. Non-carbon-based materials include silicon dioxide, lithium salt and so on.

Currently, graphite anode materials — such as artificial graphite and natural graphite — are the most widely used in lithium-ion batteries due to their low lithium intercalation potential, high initial coulombic efficiency, excellent cycling stability, and relatively low cost.

Value Chain of the Lithium-ion Battery Anode Materials

Value Chain of the Lithium-ion Battery Anode Materials



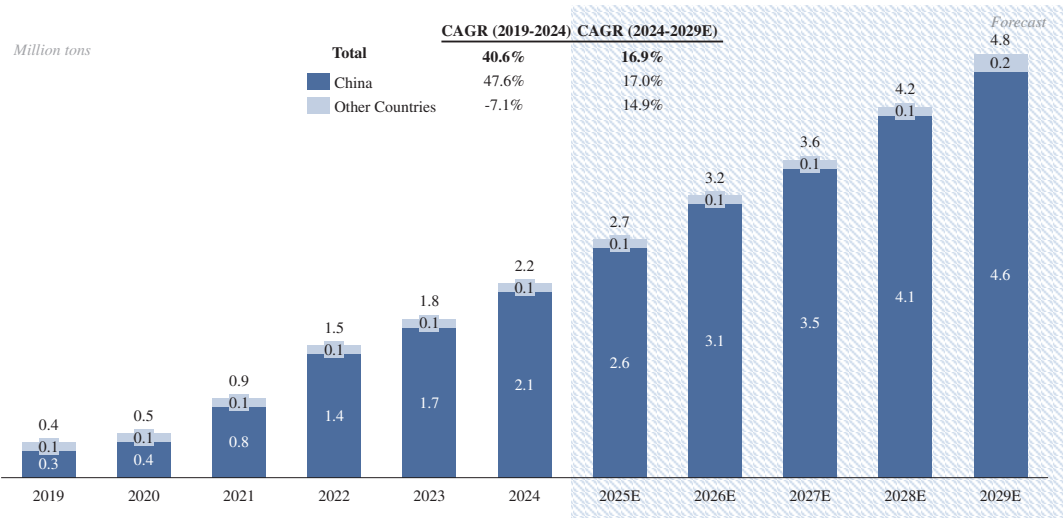
Source: CIC

INDUSTRY OVERVIEW

The upstream segment includes raw materials such as carbon-based and non-carbon-based materials. The midstream segment involves the manufacturing and processing of anode materials for new energy batteries, producing various types of anode materials, which are mainly categorized into artificial graphite anodes, natural graphite anodes, and silicon-carbon anodes. The downstream segment covers a wide range of application fields, including three major end-uses: power batteries, energy storage batteries, and consumer batteries.

Market Size of the Lithium-ion Battery Anode Materials Industry

The Shipment Volume of the Global Lithium-ion Battery Anode Materials Industry



Source: CIC

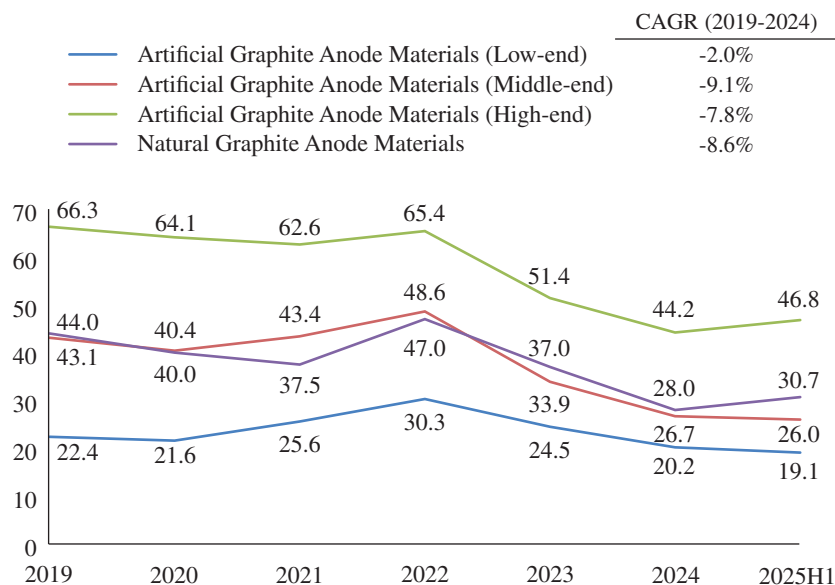
China's shipments volume of lithium-ion battery anode materials have surged in recent years, driven by the rapid development of sectors such as new energy vehicles and energy storage. Shipments grew rapidly from 0.3 million tons in 2019 to 2.1 million tons in 2024, representing a CAGR of 47.6%. China's global market share also jumped from around 75% in 2019 to more than 95% in 2024. The market is projected to continue expanding at a CAGR of 17.0%, reaching 4.6 million tons by 2029. Market share is expected to remain above 95% over the long term, with a projected market share of 96% in 2029. Artificial graphite, favored for its long cycle life and excellent rate performance, has become the mainstream choice for downstream applications, accounting for over 86% of global lithium-ion battery anode materials shipments in 2024.

INDUSTRY OVERVIEW

Historical Market Price of Lithium-ion Battery Anode Materials

Historical Market Price of Lithium-ion Battery Anode Materials, 2019-2025H1

Thousand RMB/Ton



The market price of lithium-ion battery anode materials could be classified into two main categories, natural graphite anode materials and artificial graphite anode materials. The artificial graphite anode materials could be further classified into high-end products, middle-end products and low-end products for its different rate performance, length of cycle life, consistency and so on.

Prior to 2022, driven by the sustained growth of downstream sectors such as energy storage and EVs, the price of lithium-ion battery anode materials showed a generally stable upward trend. However, the price of lithium-ion battery anode materials has experienced a significant decline since 2023, primarily due to a combination of structural oversupply and weakening downstream demand. During the previous industry up-cycle, manufacturers aggressively expanded capacity, leading to a persistent supply surplus as downstream sectors — particularly power batteries and energy storage — underperformed relative to expectations. This demand slowdown coincided with a decrease in upstream raw material prices, such as needle coke and pitch, further lowering overall cost and pricing benchmarks. In addition, elevated inventory levels throughout the supply chain prompted prolonged destocking across both suppliers and downstream customers, amplifying downward pressure on transaction prices. Moreover, the market price of lithium-ion battery anode materials was observed either slowing decrease or slight increase during 2025H1 after years of decapacity stage, of which the steady upward price trending is highly anticipated to be kept by entering the peak season for sales and stocking for downstream customers.

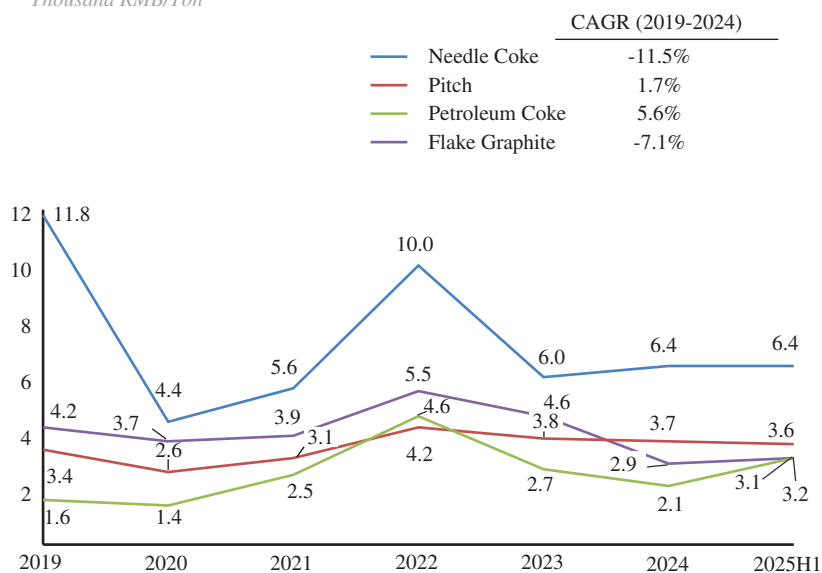
INDUSTRY OVERVIEW

The market price reflects an industry average status, it's normal to differ from the selling price of a specific company considering the following reasons: (1) The sales structure of products. Leading lithium-ion battery anode materials manufacturers typically maintain a diversified product portfolio to address the needs of different downstream customer application scenarios. The average selling price of a leading company's products is therefore influenced by both unit price of specific products and the corresponding sales volume of the product, which varies a lot and is likely to deviate from the industry average selling price. (2) Customer structure. When serving a single major downstream customer, a company's bargaining power may be weakened, thereby impacting its pricing. Besides, when targeting customers from China or overseas markets, differences in purchasing power can also influence specific selling prices. (3) Application scenarios. For example, high-end graphite is often used in application scenarios such as power batteries, which typically command significantly higher prices compared to low-end graphite used in applications such as industrial energy storage systems. Taken together, these factors can lead to a company's actual selling prices deviating to some extent from the broader market price level.

Historical Price Trend of Key Raw Materials of the Lithium-ion Battery Anode Materials

Historical Price Trend of Key Raw Materials of the Lithium-ion Battery Anode Materials, 2019-2025H1

Thousand RMB/Ton



The lithium-ion battery anode materials are primarily classified into two major categories based on shipment volume: natural graphite and artificial graphite.

INDUSTRY OVERVIEW

Artificial graphite is mainly derived from needle coke, pitch, and petroleum coke. Among these, needle coke and pitch are the key raw materials for high-end artificial graphite, accounting for approximately 50% of the total cost. The remaining 50% consists of graphitization processing costs, manufacturing expenses, and labor costs. Before 2019, needle coke experienced a supply shortage, causing prices to rise rapidly. Starting in 2020, a significant amount of delayed coking capacity was added in China, leading to a sharp increase in supply and a subsequent price decline. Prices then rose steadily but fell again in 2023 due to a surge in imports and weakening downstream demand, before gradually recovering thereafter. Petroleum coke and pitch are the primary raw materials for low-end artificial graphite, contributing around 40% of the cost. More than 50% of the remaining cost is attributed to graphitization processing, with the rest going to manufacturing and labor. Petroleum coke is heavily influenced by international crude oil prices, it saw rapid price increases during 2020–2022, followed by a decline due to rising global production. In 2025, with recovering downstream demand and elevated oil prices, its price is expected to rebound. Pitch, as a bulk commodity with relatively balanced spot market supply and demand and high liquidity in futures trading, tends to exhibit smaller price fluctuations compared with others.

Natural graphite is mainly sourced from natural graphite ore and from byproducts of processing materials such as crude steel and stainless steel. The cost of natural graphite ore accounts for approximately 90% of the total cost structure. As of 2024, about 98% of natural graphite ore reserves is flake graphite. Prices rose steadily during 2020–2022, driven by global economic recovery and limited supply growth. However, prices dropped significantly between 2022–2024 due to inventory reduction, export restrictions, and competition from alternative materials. Looking forward, with improving long-term demand expectations and a re-emerging supply-demand gap, prices are expected to stabilize and rise gradually in 2025.

INDUSTRY OVERVIEW

Market Drivers of the Lithium-ion Battery Anode Materials Industry

- **The increasing demand of downstream applications:** The explosive growth of new energy vehicles and energy storage, along with the electrification initiation in emerging markets led by leading automakers such as Tesla and BYD expanding globally, drives synchronized demand for lithium-ion battery anode materials.
- **The strengthening of global carbon neutrality policies:** Since 2020, the global energy transition has formed a policy resonance that promote electric mobility and green energy transition, which indirectly stimulates the development and deployment of new environmentally friendly lithium-ion battery anode materials.
- **The accelerating market penetration of lithium-ion battery anode materials:** High-capacity lithium-ion battery anode materials like silicon-carbon composites and hard carbon offer significant advantages in fast charging and cycle life, increases energy density and reduces cost per Wh, facilitating rapid penetration into high-end power batteries and energy storage sectors.

Future Trends of the Lithium-ion Battery Anode Materials Industry

- **Rebounding market price:** During 2024, as the pressure from previous overcapacity eases and lithium-ion battery demand rebounds, lithium-ion battery anode material prices are gradually climbing. Leading companies are anticipated to regain pricing power with improving gross margins starting from 2025.
- **Steady capacity expansion:** The output continues to rise after a phase of inventory reduction. Major companies planned to launch multiple large-scale projects, each with capacities of tens of thousands of tons in the coming years.
- **Demand segmentation and artificial graphite anodes remains majority:** Artificial graphite will maintain its advantage in mainstream passenger vehicles and energy storage applications. Meanwhile high-end materials like silicon-carbon composite materials, offering higher energy density, will continue to achieve breakthroughs in fast-charging scenarios.
- **Favorable policies from downstream sectors:** China, the United States, and Europe have introduced incentives such as energy storage subsidies and EV promotion policies, driving the expansion of the entire lithium-ion battery ecosystem and accelerating the deployment of lithium-ion battery anode materials.

INDUSTRY OVERVIEW

Competitive Landscape of Lithium-ion Battery Anode Materials Industry

The lithium-ion battery anode materials market has maintained a high growth rate in recent years. As a typical capital-intensive industry with high entry barriers and dependence on quality mineral resources and processing capabilities, the market features a concentrated top tier and a fragmented mid-to-lower tier competitive structure. In terms of shipment volume, the global CR5 in 2024 reached exceeded 60%. Combined with the rapid expansion of downstream sectors such as lithium-ion batteries, and Chinese enterprises’ proactive upstream resource expansion globally, China has maintained a dominant position. In 2024, China’s market share reached more than 95%, and is expected to remain above 95% over the next five years, with a forecasted share of around 96% by 2029.

Competitive Landscape of the Lithium-ion Battery Anode Materials Market, in terms of shipment in 2024

Ranking	Market Players	2024 Shipment, thousand Tons	Market Share
1	Company F	43.8	19.9%
2	Company G	34.0	15.4%
3	Company H	22.4	10.2%
4	Company I	21.7	9.8%
5	Company J	15.8	7.2%

Notes:

- (1) Company F was founded in 2000 and headquartered in Shenzhen, which is a manufacturer of lithium-ion battery anode materials, especially artificial graphite. It was listed on the Beijing Stock Exchange in 2021.
- (2) Company G was founded in 1992 and headquartered in Ningbo, which is a suppliers of lithium-ion battery anode and cathode materials. It was listed on the Shanghai Stock Exchange in 1996.
- (3) Company H was founded in 2004 and headquartered in Yueyang, which focuses on electromagnetic equipment and lithium-ion battery anode materials, particularly artificial graphite. It was listed on the Shenzhen Stock Exchang in 2009.
- (4) Company I was established in 2008 and headquartered in Shijiazhuang, which specializes in the production of artificial graphite anode materials. It was listed on the Shanghai Stock Exchange in 2022.
- (5) Company J was founded in 2006 and headquartered in Shenzhen, Guangdong Province, which focuses on artificial graphite anode materials.

Based on shipment volume, the company ranks among the global top 15, occupying a market share of around 1.2% in 2024.

INDUSTRY OVERVIEW

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of the global MCU and lithium-ion battery anode material industry. We have agreed to pay a fee of RMB560,000 to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into “Summary,” “Business,” “Financial Information,” and elsewhere in this document to provide potential with a comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the Ministry of Industry and Information Technology, National Bureau of Statistics.

The CIC Report was compiled based on the following assumptions: (i) economic development globally is likely to maintain a steady growth trend in the next decade; (ii) related industry key drivers are likely to drive the continuing growth of the global MCU and lithium-ion battery anode material industry, such as favorable policies, continuous digitalization trends; and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2000 where we achieved leap-forward development from specialized market chips to general purpose MCUs, and further to high-end products like edge AI computing. Simultaneously, we have extended our product system to include richer offerings such as BMS chips and RF chips.

Our Company was restructured into a joint stock limited company on June 3, 2009, with all its all registered capital divided into shares. Since April 30, 2010, our Shares has been listed on the ChiNext Market of the Shenzhen Stock Exchange under the stock code 300077. As of the Latest Practicable Date, we have a total of 583,126,700 A Shares in issue, of which approximately 2.65% was held by Mr. Sun Yingtong, our single largest shareholder.

Our Company has evolved into a platform-based IC design enterprise. Our customers span multiple key sectors, including consuming electronics, industrial controls and digital energy, smart home, automotive electronics and medical electronics. Beyond our chip business, we are concurrently developing lithium-ion battery anode materials, establishing a due-core business structure with strategic synergy between “integrated circuits + new energy materials”.

KEY BUSINESS DEVELOPMENT MILESTONES

The following sets forth of our Group’s key business development milestones.

Year	Milestone events
2000	Our Company was established in Shenzhen.
2001	We were one of the earliest developers and manufacturers of commercial cryptographic products in China.
2004	We launched the first 32-bit USB Key chips in the industry.
2007	Our USB Key chip ranked first in terms of market share in the domestic market.
2009	Our Company was converted into a joint stock limited company and changed our name to Nations Technologies Inc.
2010	Our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange as the first IC design company listed on ChiNext Market.
2013	We became the first Company in the PRC which obtained the EMVCo certification.

HISTORY AND CORPORATE STRUCTURE

Year	Milestone events
2017	Our self-developed RCC patent won China Patent Gold Award and became a national standard.
2018	We formally entered the lithium-ion battery anode materials market as our strategic secondary business line alongside chip products business line.
2020	Our USB Key chips obtained EAL5+ level certification by The China Information Technology Security Evaluation Center (中國信息安全測評中心). Our MCU products won gold award on China Information Technology Expo (中國電子信息博覽會).
2022	We launched MCU products applicable to automotive electronics. We started research and development of products such as high performance MCUs and BMS chips. We began construction of the 100,000 ton integrated anode material plant project in Suizhou, Hubei Province through Hubei Sinuo New Material Technology Co., Ltd.
2023	We obtained the ISO26262 ASIL-D certification, which is the highest level of safety integrity in automotive electronics. We launched the first BMS IC products.
2024	Our NS350 V30 chip obtained ANSSI CC EAL4+ certification. We also launched four major MCU product series, namely general-purpose control, high-performance connectivity, industrial control and digital energy.
2025	We launched the ARM Cortex-M7+M4 and GPU heterogeneous multi-core series products.

HISTORY AND CORPORATE STRUCTURE

OUR CORPORATE DEVELOPMENTS

Our principal operating subsidiaries

We have carried out our business through our subsidiaries during the Track Record Period and up to the Latest Practicable Date. Our principal operating subsidiaries comprise entities that have made a material contribution to our financial results during the Track Record Period and/or are otherwise material to our business operations. The table below sets out the names, principal business activities and the place and date of incorporation or establishment of each of our principal operating subsidiaries:

<u>Name of company</u>	<u>Place of incorporation or establishment</u>	<u>Principal business activities</u>	<u>Date of incorporation or establishment</u>
NSING	Singapore	R&D, sales of general purpose microcontroller units (MCUs), specialized market chips, RF chips and BMS chips	February 1, 2018
Inner Mongolia Sinuo	PRC	R&D, production, sales and graphitization processing services of lithium-ion battery anode materials	March 30, 2016
Hubei Sinuo	PRC	R&D, production, sales and graphitization processing services of lithium-ion battery anode materials	March 24, 2022
Nsing Shenzhen . .	PRC	Provide chip and information solutions	March 10, 2009
Nsing Qianhai . . .	PRC	Engage in investment activities with own funds	August 13, 2015

The Company held all or majority equity interests in the above principal operating subsidiaries throughout the Track Record Period.

See “Appendix VII — Statutory and General Information — C. Further Information about Our Principal Operating Subsidiaries” for more details on share capital changes of the principal operating subsidiaries within the two years immediately preceding the date of this document.

HISTORY AND CORPORATE STRUCTURE

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment and early development of our Company

Our Company was established on March 20, 2000, with an initial registered capital of RMB30 million and was owned as to 60% by ZTE Corporation (中興通訊股份有限公司) and 40% by SDIC Electronics Co., Ltd. (國投電子公司) as of the date of its establishment.

After several changes in the shareholding structure, our Company was converted into a joint stock limited company on June 3, 2009 by way of an overall restructuring. Upon completion of the overall restructuring, the total issued Shares of our Company was 81,600,000 A Shares with a nominal value of RMB1.00 each, which were owned by promoters as below:

Name of our promoters ⁽²⁾	Approximate percentage of shareholding (%)
China HuaDa Integrated Circuit Design Co., Ltd. (中國華大集成電路設計有限責任公司) (“ China Huada ”)	40.00
ZTE Corporation (中興通訊股份有限公司).	26.67
Shenzhen-Hong Kong Industry-University-Research Venture Capital Co., Ltd. (深圳市深港產學研創業投資有限公司)	9.31
Sun Yingtong (孫迎彤) ⁽¹⁾	4.82
Yu Yunbo (余運波)	3.31
Liu Xiaoyu (劉曉宇)	3.26
Zhang Bin (張斌)	2.45
Li Meiyun (李美雲)	1.59
Peng Bo (彭波)	1.23
Other promoters holding less than 1.00%	7.35
Total	100.00

Notes:

1. Sun Yingtong is the chairman of our Board, our executive Director and general manager.
2. Each of the other promoters was an independent third party other than being a promoter and shareholder of our Company as of the date of the restructuring.

Listing on the Shenzhen Stock Exchange

As approved by the CSRC, our A Shares were listed on the ChiNext Market of Shenzhen Stock Exchange under the stock code 300077 on April 30, 2010 (the “**A-Shares Listing**”). During the process of the A-Shares Listing, we issued an aggregate of 2,720,000 A Shares, accounting for 25.00% of our Company’s then issued Shares of 108,800,000 A Shares immediately following the A-Shares Listing.

HISTORY AND CORPORATE STRUCTURE

2011 Issue of bonus shares and capitalization of capital reserve

On June 30, 2011, following the approval of our then Shareholders, we approved the profit distribution, dividend distribution and capital reserves capitalization proposal for the financial year ended December 31, 2010, pursuant to which (i) we paid a cash dividend of RMB5.00 (tax inclusive) per Share and issued five bonus shares for every ten A Shares held as of December 31, 2010; and (ii) we issued ten capitalized shares for every ten A Shares held as of December 31, 2010 by way of capitalization of capital reserve. Immediately following the issue of bonus shares and capital reserves capitalization, our issued share capital was increased to RMB272,000,000 divided into 272,000,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

2013 Exit of China Huada as a then controlling shareholder

In November 2013, China Huada, the then controlling shareholders of our Company, decided to transfer 74,800,000 A Shares of our Company, representing approximately 27.50% share capital of our Company at the relevant time by way of public solicitation of transferees with a view to adjusting its asset structure and allocating resources through market mechanisms. In December 2013, the 74,800,000 A Shares were transferred to nine shareholders who were third parties independent of our Company, at the then market price of RMB17.95 per A Share. Upon completion of the share transfer on December 26, 2013, China Huada ceased to be a shareholder of our Company and our Company became an A Share listed company with no controlling shareholder and no actual controller.

2015 Restricted Shares Incentive Scheme and repurchase of restricted A Shares

On June 23, 2015, following the approval of our then Shareholders, we adopted the restricted share incentive scheme (the “**2015 Restricted Shares Incentive Scheme**”) and issued 10,560,000 restricted A Shares to 81 grantees who were our senior management and employees at the relevant time at the grant price of RMB16.025 per A Share. Immediately following the issue of restricted A Shares, our issued share capital was increased to RMB282,560,000 divided into 282,560,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

On November 23, 2015, we repurchased and canceled 600,000 restricted A Shares due to the resignation of a grantee. Immediately following the repurchase of restricted A Shares, our issued share capital was reduced to RMB281,960,000 divided into 281,960,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

Capitalization of capital reserve

On July 6, 2016, following the approval of our then Shareholders, we approved the capital reserves capitalization proposal for the financial year ended December 31, 2015, pursuant to which we issued ten capitalized shares for every ten A Shares held as of December 31, 2015 by way of capitalization of capital reserve. Immediately following the capital reserves capitalization, our issued share capital was increased to RMB563,920,000 divided into 563,920,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

HISTORY AND CORPORATE STRUCTURE

Repurchase of restricted shares under the 2015 Restricted Shares Incentive Scheme

On September 30, 2016, we repurchased and canceled 280,000 restricted A Shares from three grantees who resigned due to personal reasons. Immediately following the repurchase of restricted A Shares, our issued share capital was reduced to RMB563,640,000 divided into 563,640,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

On January 25, 2019, we repurchased and canceled 247,000 restricted A Shares from five grantees who resigned due to personal reasons. Immediately following the repurchase of restricted A Shares, our issued share capital was reduced to RMB563,393,000 divided into 563,393,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

On February 18, 2019, we repurchased and canceled 5,778,000 restricted A Shares from 72 grantees due to their failure to meet the performance appraisal requirement. Immediately following the repurchase of restricted A Shares, our issued share capital was reduced to RMB557,615,000 divided into 557,615,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

2021 Restricted Shares Incentive Scheme and subsequent repurchase of restricted A Shares

On July 13, 2021, following the approval of our then Shareholders, we adopted the restricted shares incentive scheme (the “**2021 Restricted Shares Incentive Scheme**”) and issued 35,049,000 A Shares as restricted shares to 123 grantees who were our senior management and employees at the relevant time at the grant price of RMB6.10 per A Share. Immediately following the issue of restricted A Shares, our issued share capital was increased to RMB592,664,000 divided into 592,664,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

On May 5, 2022, we repurchased and canceled 18,000 restricted A Shares as a result of the death of a grantee. Immediately following the repurchase of restricted A Shares, our issued share capital was decreased to RMB592,646,000 divided into 592,646,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

On May 22, 2023, we further issued 2,992,000 restricted A Shares to 65 grantees under the 2021 Restricted Shares Incentive Scheme to 65 grantees who were our employees at the relevant time at the grant price of RMB6.10 per A Share. Immediately following the issue of restricted A Shares, our issued share capital was increased to RMB595,638,000 divided into 595,638,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

On August 3, 2023, we repurchased and canceled 797,000 restricted A Shares from 10 grantees who resigned due to personal reasons. Immediately following the repurchase of restricted A Shares, our issued share capital was decreased to RMB594,841,000 divided into 594,841,000 A Shares with nominal value of RMB1.0 each, which was fully paid.

HISTORY AND CORPORATE STRUCTURE

On July 17, 2024, we repurchased and canceled 11,714,300 restricted A Shares as a result of the resignation of certain grantees and the failure to meet the performance appraisal requirement. Immediately following the repurchase of restricted A Shares, our issued share capital was decreased to RMB583,126,700 divided into 583,126,700 A Shares with nominal value of RMB1.0 each, which was fully paid.

As of the Latest Practicable Date, there was no outstanding restricted A Shares granted under the 2015 Restricted Shares Incentive Scheme and 2021 Restricted Shares Incentive Scheme, such restricted A Shares had either been released from the restriction period and became A Shares without restrictive conditions of sale or been repurchased and canceled.

MAJOR ACQUISITIONS AND DISPOSALS

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

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

Our A Shares are currently listed on the ChiNext Market of the Shenzhen Stock Exchange. We are seeking a [REDACTED] of our H Shares on the Hong Kong Stock Exchange in order to utilize the overseas financing platform to enhance our international profile, enhance our market recognition, attract equity investment through a recognized international stock exchange, and ultimately to maximize Shareholder value and support our capital structure optimization. See “Future Plans and [REDACTED]” and “Business” for further details.

Our Directors confirm, since January 1, 2023 and up to the Latest Practicable Date, that we have complied with all laws and regulations, in all material respects, applicable to its A-share listing and, to the best knowledge of our Directors having made all reasonable enquiries (including the opinion from our PRC Legal Advisers), there were no material matters that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange during the same period.

As advised by our PRC Legal Advisors, since January 1, 2023 and up to the Latest Practicable Date, the Company has complied with all laws and regulations, in all material respects, applicable to its A-share listing.

Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause it to disagree with the Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

We have no [REDACTED] investors for the purpose of the [REDACTED].

HISTORY AND CORPORATE STRUCTURE

OUR SINGLE LARGEST SHAREHOLDER

Mr. Sun is our Chairman, executive Director and general manager. As of the Latest Practicable Date, Mr. Sun was interested in approximately 2.65% of the total issued share capital of our Company and was the single largest Shareholder of our Company. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Sun will be interested in approximately [REDACTED] of the total issued share capital of the Company. As such, the single largest Shareholder is not regarded as a “Controlling Shareholder” of our Company as defined under the Listing Rules.

Our Directors are of the view that we are capable of carrying on our business independently, operate independently and maintain financial independence from our single largest Shareholder following completion of the [REDACTED].

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Rule 19A.13A(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public, at the time of [REDACTED], must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000. Our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange. So far as our Directors are aware, all [REDACTED] H Shares to be issued pursuant to the [REDACTED], representing approximately [REDACTED] of our total issued share capital immediately upon [REDACTED] (assuming the [REDACTED] are not exercised and excluding the treasury shares), are expected to be held by the public, which is higher than the prescribed percentage of H Shares required to be held in public hands of 10% under Rule 19A.13A(2)(a) of the Listing Rules, thereby satisfying Rule 19A.13A(2) of the Listing Rules at the time of the [REDACTED].

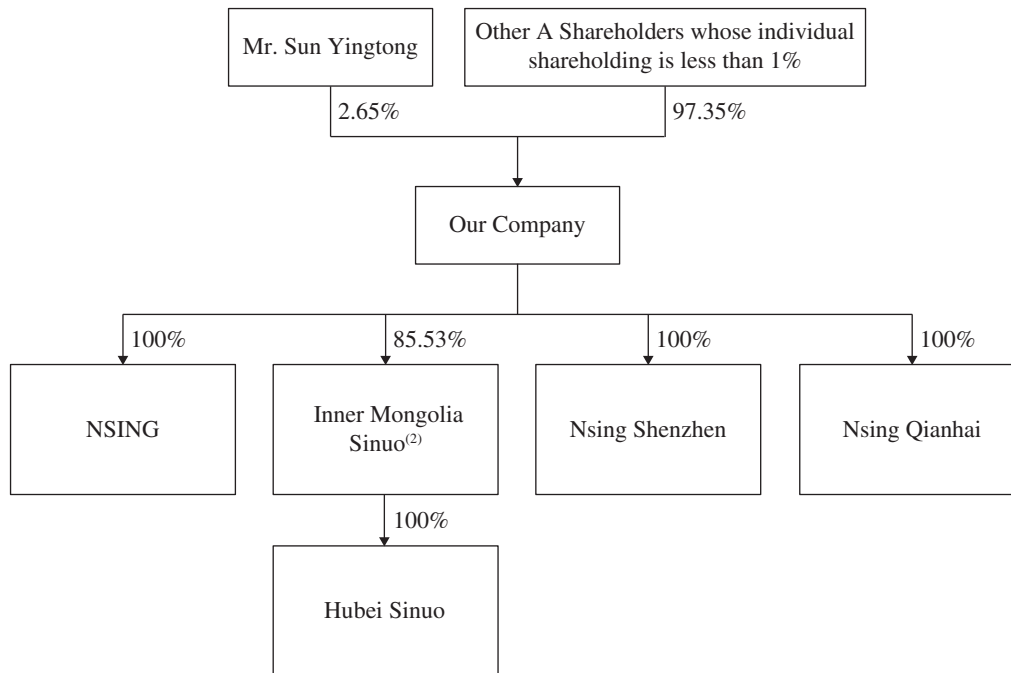
Satisfaction of the Free Float Requirement

Based on an [REDACTED] of [REDACTED] per H Share, being the [REDACTED] of an indicative [REDACTED] and excluding the [REDACTED] to be held by cornerstone investors that are subject to lock-up, the Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The following chart sets forth the corporate structure⁽¹⁾ of our Group immediately before the completion of the [REDACTED]:



Notes:

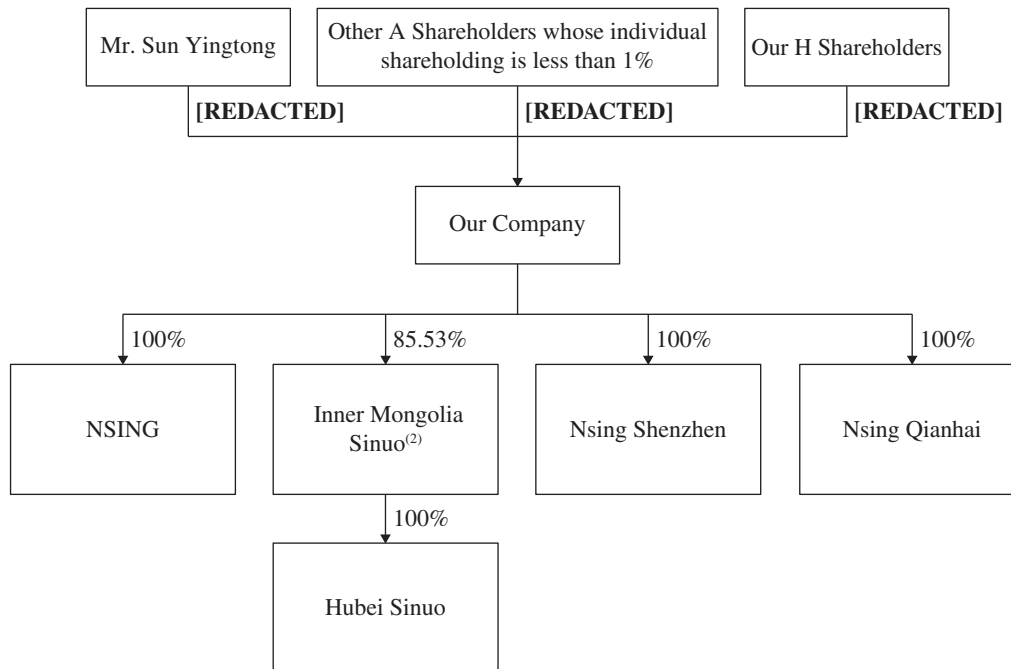
1. The above chart includes shareholding information related to our principal operating subsidiaries, details of which are set out in “— Our Corporate Development” above in this section.
2. The remaining equity interest of approximately 10.12% was held by POSCO FUTURE M CO., LTD (previously known as POSCO CHEMICAL CO., LTD) (“**POSCO Future**”) and approximately 4.36% was held by Zhejiang Huayou Cobalt Co., Ltd. (浙江華友鈷業股份有限公司) (“**Huayou Cobalt**”). Pursuant to a capital increase agreement entered into among POSCO Future, Huayou Cobalt and our Company on November 10, 2021 (the “**Capital Increase Agreement**”), POSCO Future subscribed 15.00% of the equity interest in Inner Mongolia Sinuo at the consideration of RMB141,176,471, subject to a redemption right exercisable by POSCO Future to require our Company to repurchase the entire equity interest of Inner Mongolia Sinuo held by POSCO Future if Inner Mongolia Sinuo failed to submit an IPO application to any securities regulatory authorities as agreed in the Capital Increase Agreement or obtain approval from the board of directors of our Company for potential mergers and acquisitions proposal with domestic or foreign listed companies within an agreed period of time. The equity interest held by POSCO Future was diluted to approximately 12.85% after Inner Mongolia Sinuo completed capital increase in March 2022. On January 7, 2025, Inner Mongolia Sinuo failed to achieve the above-mentioned conditions and the redemption right became exercisable. On April 4, 2025, a supplemental agreement was entered into among POSCO Future, Inner Mongolia Sinuo and our Company, pursuant to which our Company agreed to repurchase approximately 2.5% equity interest of Inner Mongolia Sinuo held by POSCO Future at a consideration of RMB30,000,000, and the exercise date of the redemption right exercisable by POSCO Future in respect of the remaining equity interest of Inner Mongolia Sinuo had been postponed to January 7, 2026 (the “**Supplemental Agreement**”). The above-mentioned repurchase was completed in May 2025. To ensure our performance of redemption obligation to repurchase the remaining equity interest, our Company pledged 60% of the equity interest in Inner Mongolia Sinuo in favor of POSCO Future, and to show our single largest Shareholder’s support of our Company honoring its redemption obligation, Mr. Sun Yingtong pledged 1,000,000 A Shares in our Company in favor of POSCO

HISTORY AND CORPORATE STRUCTURE

Future, representing 0.17% of the total A Shares outstanding. Mr. Sun Yingtong is an executive Director and will be a connected person of our Company upon [REDACTED], the share pledge provided by Mr. Sun, constitutes a continuing connected transaction of our Company. As the share pledge provided by Mr. Sun Yingtong in respect of the above-mentioned redemption obligation is on normal commercial terms or better to our Company where no security over the assets of our Company is granted as a financial assistance, the share pledge is exempt from the reporting, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.90 of the Listing Rules. Given (i) the share pledge by Mr. Sun Yingtong as mentioned above is to show his support of our Company honoring its redemption obligation, (ii) the number of A Shares pledged is immaterial, and (iii) our Group has a track record of obtaining finances independently, our Directors do not consider that such pledge affects our Group’s ability from maintaining financial independence from our single largest Shareholder.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth the corporate structure⁽¹⁾ of our Group immediately after the completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]):



Notes: Please refer to notes in “— Corporate Structure Immediately before the Completion of the [REDACTED]” in this section above.

BUSINESS

OVERVIEW

Business Overview

We are a platform-based IC design company, and focus on delivering control chips and system solutions for a broad range of intelligent terminals. We have established diversified product offerings that are widely adopted across key sectors such as consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics. We ranked as the fifth largest Chinese companies in the global platform-based MCU market, and the third largest Chinese companies in the global 32-bit platform-based MCU market, in terms of revenue in 2024, according to CIC. We ranked first in China’s MCU market with embedded commercial cryptographic algorithm modules in terms of revenue in 2024, according to CIC. We have also developed a lithium-ion battery anode material business, which has diversified our business model while driving our revenue growth during the Track Record Period. The revenue contribution by our chip products business was 38.3%, 40.2%, 47.6% and 48.4%, respectively, in each of the years/period of 2022, 2023, 2024 and the nine months ended September 30, 2025, while the revenue contribution by our lithium-ion battery anode material business was 52.5%, 50.8%, 47.1% and 47.5%, respectively, in each of the same years/period.

Since our establishment in 2000, we have gradually achieved a leap-forward development from specialized market chips to general-purpose MCUs, and further to high-end products such as edge AI computing. In 2023, we have expanded our product portfolio to include BMS chips and RF chips, among others, which started to generate revenue in 2024. Since 2018 when we determined to become a platform-based IC design company, we have launched multiple 32-bit MCU product series based on Cortex-M0 to M7 cores and continuously optimized chip size, power consumption, and performance, achieving scenario evolution from embedded control to edge intelligence. As early as 2019, we became the first fabless IC design company to mass produce general-purpose MCU products using the 40nm eFlash process, leading a global trend of process advancement in mainstream products. This enabled significant improvements in performance and energy efficiency, strengthened our competitive position in high-performance computing and advanced control, expanded our technological footprint in key industries, and allowed us to establish a flexibly reusable, cross-sector full-stack product platform.

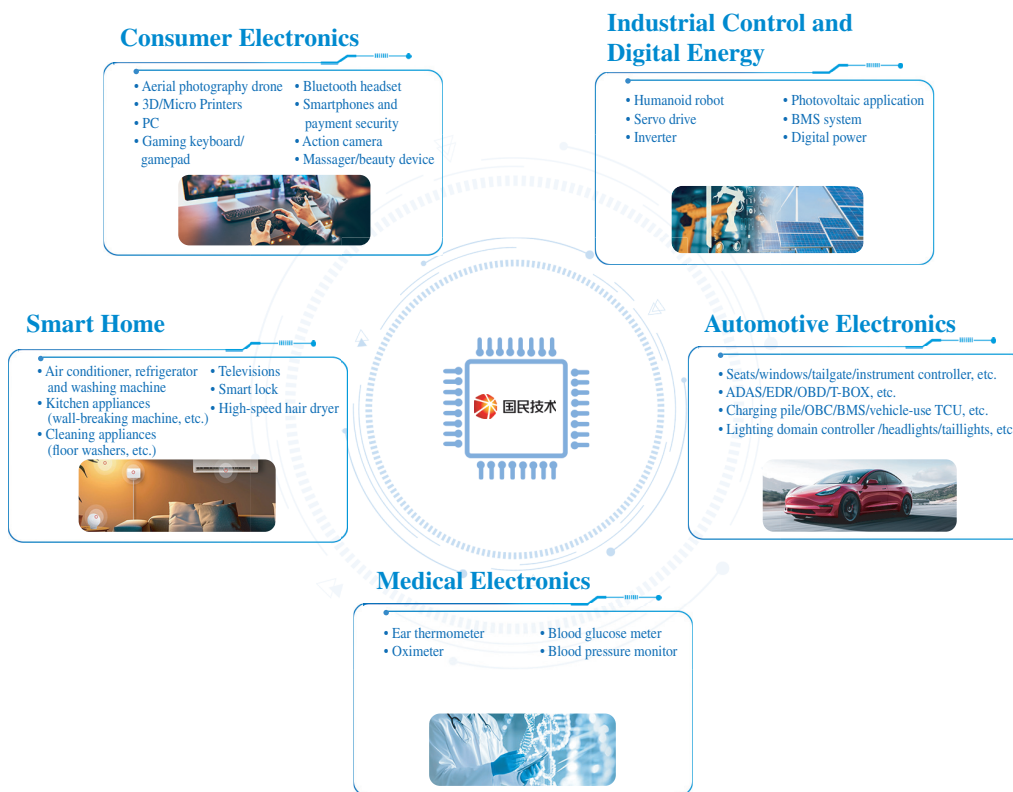
As core controller of intelligent terminals, MCU computility (i.e. the utility-like delivery of computing power), security, and system integration are critical technological foundations in the intelligent era. According to CIC, the global MCU market is expected to grow from approximately US\$29.9 billion in 2024 to US\$48.0 billion in 2029, with a CAGR of 9.9%. Emerging applications such as AI, robotics, new energy, and low-altitude economy (i.e. economic activities and industries centered around civil manned and unmanned aerial vehicles operating at low altitudes) will be primary drivers of this growth. In particular, the rapid development of AI and edge computing is creating strong demand for high-end MCUs with on-device inference capabilities, security algorithm processing, and superior power efficiency. Leveraging our core technologies in heterogeneous multi-core architecture, AI algorithm support, cryptographic modules, and power consumption management, our products have been well adopted in edge intelligence, energy storage control, and humanoid robotics, visionarily aligning closely with industry trends.

BUSINESS

In addition to our chip products business, we have also developed a lithium-ion battery anode materials business. Our lithium-ion battery anode materials business was marked by artificial graphite, while also exploring across multiple technologies, including silicon-carbon composites and hard carbon architectures, with wide applications in new energy vehicles, energy storage systems, and portable devices. Our customers include leading battery manufacturers across the industry. We are also exploring the integrated application of BMS control chips and lithium-ion battery anode materials within the same customer ecosystem, offering integrated solutions with system-level efficiency optimization, safety assurance, and cost control. This renders us to build a full-stack intelligent energy control platform, enhancing our resilience and growth potential across business cycles.

Our Products and Solutions

We are committed to a platform-based product strategy and have continuously built a broad, high-performance, and structurally diverse product portfolio. Our products have achieved large-scale adoption across five core downstream sectors, namely consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics, and have attained leading market positions in various niche segments.



BUSINESS

- ***Consumer Electronics:*** We offer a broad product portfolio with high cost-performance ratios and excellent compatibility. Our MCUs are widely used in smartphones, aerial photographic drones, action cameras, personal beauty devices, high-speed hair dryers, wireless microphones and other terminal products, and we have achieved mass deployment to multiple leading consumer electronics brands. This sector places high requirements on chip size, power efficiency, and electromagnetic interference resistance. Our products have demonstrated strong systematic integration, low power consumption, and long-term stability.
- ***Industrial Control and Digital Energy:*** We launched China’s first high-performance MCU product that adopts a heterogeneous multi-core architecture combining Arm Cortex-M7, M4, and GPU for industrial automation. These products are widely used in servo drives, PLCs, inverters, and other general-purpose industrial control systems and have been adopted by many leading industrial automation companies in China. In digital energy management systems, our MCUs — known for their high reliability, low power consumption, and precise analog signal processing capabilities — have been deployed in commercial and industrial energy storage systems and portable power applications. We have established long-term cooperation with major customers across the industry.
- ***Smart Home:*** Our MCU products are broadly applied in white goods (such as refrigerators and air conditioners), mid- to high-end televisions (such as Mini LED TVs), cleaning appliances (such as robotic vacuum cleaners, floor washers, and vacuum cleaners), and outdoor smart devices (such as pool cleaning robots and lawn mowers). In particular, our MCU products have been deployed in approximately 30% of the cleaning appliances globally, with strong customer retention and adaptability to product iteration, according to CIC.
- ***Automotive Electronics:*** Our automotive-grade MCUs and specialized market chips are extensively used in body control and driver-assistance systems, including cockpit electronics, intelligent lighting systems, passive keyless entry (PKE), ultrasonic radar, AVAS low-speed warning systems, T-BOX, and V2X communications. Certain products have passed AEC-Q100 certification and been integrated into the pre-installed systems of mainstream automakers. We continue to expand into strategic areas such as smart driving domain control and BMS.
- ***Medical Electronics:*** Our low-power consumption MCUs and Bluetooth SoCs have been successfully implemented in portable health monitoring devices such as oximeters, blood pressure monitors, and blood glucose meters. Our mid- to high-end products have also been adopted in medical equipment systems such as ventilators and patient monitors, meeting the comprehensive demands of medical applications in terms of system robustness, data accuracy, and endurance performance.

BUSINESS

In addition, we have a notable presence in the secure payment and computing terminal sectors. Our specialized market chips are widely deployed in USBKeys, payment terminals, QR code payment devices, and biometric payment systems. We have held the number one market share in the USBKey segment in China for consecutive years, according to CIC. Our trusted computing chips are used across embedded systems such as enterprise computers, servers, and industrial control computers, and have maintained a long-term leading position in China market, according to CIC.

The widespread adoption of our products across multiple industries and application scenarios reflects the adaptability and versatility of our product ecosystem and establishes a strong foundation for our expansion into strategic emerging industries such as AI, robotics, new energy, and the low-altitude economy.

- In the field of AI, we have launched edge AI MCUs that support TensorFlow Lite and are planning to introduce high-performance MCUs with integrated NPUs for typical intelligent scenarios such as image processing, voice recognition, and fault prediction.
- In the field of robotics, our products are widely used in robotic vacuum cleaners, pool cleaning robots, exoskeleton robots, and humanoid robots, with strong capabilities in high-precision motor control and multi-sensor fusion, supporting applications from mid-range service robots to high-end intelligent robotics.
- In the field of new energy, our MCUs have been adopted in energy industry critical segments, such as photovoltaic inverters, server power supplies, and energy storage power management systems, with deployments among top-tier customers, enabling us to deliver comprehensive, chip-to-system coordinated control solutions.
- In the field of low-altitude economy, our N32G4 and N32H4 product series have been applied in aerial photography drones, demonstrating excellent signal processing and flight control capabilities.

See “Business — Our Competitive Strengths — Extensive Coverage of Consumer, Industrial and Other Diverse Downstream Scenarios, with Forward-Looking Deployment in Emerging Strategic Sectors such as AI, Robotics and New Energy.”

Our Market Opportunities

Amid deepening global intelligentization of AI technologies and explosive growth in IoT terminals – coupled with robust expansions in industrial automation and new energy vehicles sector – are driving escalated demands for embedded control chips regarding computational throughput, security, real-time responsiveness, and energy efficiency. Particularly in scenarios such as industrial equipment, smart home appliances, in-vehicle systems, and medical terminals, the complexity of control logic is increasing, and the importance of MCUs as the core control unit is becoming more prominent. In the future, as trends such as edge AI

BUSINESS

inference, intelligent power systems, and interconnected devices continue to evolve, both the application breadth and technological depth of MCUs in intelligent terminals are expected to increase. According to CIC, the global MCU market size is projected to grow from US\$29.9 billion in 2024 to US\$48.0 billion in 2029, representing a CAGR of 9.9%. During the same period, China’s MCU market — one of the largest growth engines for the global MCU market — is expected to outpace the global average, with a projected CAGR of 12.0% from 2024 to 2029. This high-growth market trend provides a solid industrial foundation for our long-term and steady development. See “Industry Overview.”

At the same time, the global new energy industry continues to expand, and terminal applications such as electric vehicles, energy storage products, two-wheeled electric vehicles, and consumer electronics are placing more stringent demands on battery performance, driving rapid advancement of lithium-ion battery anode materials toward higher energy density, fast-charging capability, and longer cycle life. Built on the foundation of the mainstream solution of artificial graphite, the industrialization of silicon-carbon and hard carbon is accelerating, forming a landscape where multiple technological routes coexist. The broad expansion of new energy storage scenarios is also raising the standards for performance stability, consistency in battery pack assembly, and cost efficiency of lithium-ion battery anode materials. According to CIC, global shipments of lithium-ion battery anode materials are expected to grow from 2.2 million tons in 2024 to 4.8 million tons in 2029, representing a CAGR of 16.9%. As a major global production and innovation center, China is expected to continue increasing its market share, which will help Chinese companies with R&D and integration capabilities like us stand out in future competition. See “Industry Overview.”

Our Technological Capabilities

We have been deeply engaged in the field of integrated circuit design for over 20 years, consistently focusing on independent R&D and systematic accumulation of core foundational technologies. We have built a full-stack technology platform that covers IC design, driver development, security protection, and system integration. We have participated in the National High-tech R&D Program of China (863 Program), National Science and Technology Major Project of New Generation Broadband Wireless Mobile Communication Network (also known as Major 03 Special Project), Core Electronic Devices, High-End General Purpose Chips and Basic Software Products Projects (Core-High-Base Initiative), Key R&D Programs of the Ministry of Industry and Information Technology (MIIT), and multiple science and technology breakthrough projects of Shenzhen, conducting key R&D projects in areas such as robotics control, BMS chips, and motor drive. These efforts have formed a series of core achievements with industrialization value. We have obtained hundreds of patents and awards, including one China Patent Gold Award, nine China Patent Excellence Awards, and multiple “China Chip” awards granted by the MIIT.

BUSINESS

In IC design, we have formed four core technical systems centered around high reliability, high security, low power consumption, and high integration: through high-temperature resistance design, EMC protection, and fault-tolerant mechanisms, we have built a high-reliability chip platform for long-term stable operation in industrial and household appliance scenarios; we support SM2/3/4/9 and other commercial cryptographic algorithms, widely applied in high-security-demand scenarios such as finance and vehicles; through multi-power domain management and near-threshold voltage control, we achieve power efficiency under both static and dynamic conditions, which fits well with the performance requirements of portable medical and IoT terminal scenarios; through the integration of ADCs, operational amplifiers, PHYs, and other functional modules, we have launched highly integrated and highly adaptable SoC products, which are widely used in industrial servo, smart terminals, and vehicle control systems.

At the software and system level, we have built complete capabilities in SDKs, drivers, and toolchain development, and possess comprehensive design flow and verification capabilities ranging from embedded algorithms to SIL3-level. Our “chip + algorithm + reference design” delivery system is widely used in motor control, digital power, and other scenarios, significantly shortening customers’ product development cycles and forming a system-level delivery capability that can be commercially replicated at scale. We established the first enterprise-level chip attack-defense laboratory in China, and have led or participated in the formulation of multiple commercial cryptographic standards, promoting the internationalization of commercial cryptography and trusted computing standards, and becoming an important technical benchmark in the field of commercial cryptography in China.

We are continuously accelerating the construction of a global R&D system, having established six R&D centers in Shenzhen, Singapore, Beijing, Shanghai, Xi’an, and Wuhan, and are expanding R&D bases in the United States, Japan, and other locations. This forms a collaborative innovation structure of “localization of global talent + globalization of local technologies.” We bring together excellent talent in IC design, algorithms, and system integration from Chinese Mainland, Singapore, Japan, and other countries and regions, and have assembled a specialized technical team with deep expertise in high-performance MCUs and edge AI computing. It is precisely by virtue of our deep R&D accumulation and independent innovation system that we have built a platform-based MCU product system with broad adaptability and established significant industry leadership in several sub-technical fields such as high-security SoCs, industrial control chips, and automotive-grade control chips. See “Our Competitive Strengths — Over Two Decades of Deep Expertise in Building Multilayered Technical Barriers with Security, High Integration, Low Power Consumption and Heterogeneous Architecture.”

Our Global Strategy

We adhere to a global strategy, and have established headquarters in Shenzhen, China and Singapore, and formed a coordinated and linked global operation structure. The domestic headquarters, leveraging Shenzhen’s comprehensive advantages in the electronic information industry chain, R&D ecosystem and manufacturing resources, is responsible for our core

BUSINESS

technology R&D and local customer service functions. The international headquarters in Singapore focuses on global customer development and delivery capabilities, and also serves as an important R&D center for attracting global technical talent. It possesses integrated capabilities in IC design, project management and regional delivery, and has become our strategic hub for serving international markets and coordinating global resources. Through the “domestic brand + overseas brand” dual-brand strategy, we have built supply chains in regions such as Taiwan and Malaysia to meet international procurement and compliance requirements. In 2024, we achieved the first overseas delivery of our MCU products. Going forward, we will take Singapore as a fulcrum to accelerate our business expansion into the Asia-Pacific, European and American markets, promote overseas revenue growth, and build an international delivery system with local responsiveness and global service capabilities. See “Our Competitive Strengths — Established Overseas Headquarters to Enhance Overseas R&D, Delivery Capabilities and International Service System.”

OUR COMPETITIVE STRENGTHS

A Leading Platform-Based MCU IC Design Company with a Broad and Diversified Product Portfolio

We are one of the few platform-based MCU design companies in China, having built a full-spectrum MCU product portfolio covering high-performance, low-power consumption, general-purpose, and industry-specific MCUs. As of the Latest Practicable Date, we had launched approximately 40 major product series, comprising over 300 MCU models, covering a full range of application needs from low-power consumption IoT terminals to high-performance industrial control. With a complete product line, we are able to meet diverse customer demands while also building a sticky MCU product ecosystem and service system, forming deep customer engagement.

Our major product series include:

- ***N32H Series High-Performance MCUs***: Mainly based on Cortex-M7, M4, or heterogeneous multi-core architectures further integrated with GPU, with core clock speeds up to 700 MHz, large on-chip memory, and abundant high-speed peripherals. These MCUs offer strong data processing and signal control capabilities and are suited for complex industrial scenarios such as servo motors, PLCs, edge AI, high-definition image capture, and the low-altitude economy;
- ***N32A Series Automotive-Grade MCUs***: Compliant with AEC-Q100 automotive-grade standards, supporting CAN, LIN and other automotive communication protocols. These MCUs offer high anti-interference performance and operation on wide temperature range, and are specifically designed for subsystems such as BMS, motor control, AVAS, and T-BOX in intelligent vehicles;

BUSINESS

- ***N32G Series General-Purpose MCUs***: Covering multiple architectures from Cortex-M0 to M4, offering a balance of computing performance and cost efficiency, with a rich and complete product lineup. These MCUs are widely used in mainstream markets such as home appliance control, motor drive, consumer electronics, industrial control, and the low-altitude economy;
- ***N32WB Bluetooth MCU Series***: Integrated with 2.4GHz RF modules and supporting BLE 5.0/5.1 protocols, with built-in communication and encryption modules. These MCUs are suitable for low-power consumption wireless scenarios such as smart locks, wireless remote controls, wearable devices, and Bluetooth positioning terminals;
- ***N32L Series Low-Power Consumption MCUs***: Equipped with multiple low-power consumption operating modes and integrated Segment LCD controllers, suitable for scenarios requiring both low power consumption and display functions, such as smart electricity meters, water meters, gas meters, and sleep monitoring devices;
- ***N32M Series Motor Control MCUs***: Integrated with motor pre-driver modules, operational amplifiers, comparators, and high-speed ADCs, specially adapted for high-precision variable-frequency motor drive scenarios such as refrigerator compressors, vacuum cleaners, and robotic vacuum cleaners, enhancing control precision and system integration.

At present, we have formed a core product system centered on our N32H7 and N32H4 high-performance MCU series, covering key scenarios in industrial control, digital energy, and high-end robotics, and achieving mass shipments with excellent performance. The N32H7 series includes N32H78x and N32H76x, adopting a heterogeneous multi-core architecture of Cortex-M7 + M4 and GPU, with core clock speeds up to 700 MHz. They integrate rich interfaces such as EtherCAT slave controllers, MIPI, USB, and CAN FD, and are widely used in high-computing scenarios such as servo drives, humanoid robots, and image processing. The N32H4 series focuses on digital power and energy storage control, equipped with a 240 MHz M4F core, supporting 125ps resolution PWM, high-precision ADC/DAC, and various analog peripherals. They are widely used in complex environments such as photovoltaic inverters, BMS, and server power supplies. These products have been well recognized by many high-end customers and have supported us in establishing stable cooperation and continued penetration in key markets such as industrial, digital power, and new energy, further consolidating our market position as a platform-based MCU supplier.

Extensive Coverage of Consumer, Industrial and Other Diverse Downstream Scenarios, with Forward-Looking Deployment in Emerging Strategic Sectors such as AI, Robotics and New Energy

Our products are widely applied across five major downstream sectors, including consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics, forming a multi-scenario chip ecosystem centered on

BUSINESS

MCUs. As terminal intelligence advances, application sectors are placing increasingly stringent demands on chip performance in terms of computing power, security, energy efficiency, and environmental adaptability. According to CIC, the combined global MCU market size for the above five sectors reached US\$25.3 billion in 2024 and is expected to reach US\$41.1 billion by 2029, representing a CAGR of 10.2%. With a full-category product matrix and stable mass production and delivery capabilities, we are rapidly expanding our customer base across various industries and continuously strengthening our market position.

- ***Consumer Electronics:*** This includes TWS earphones, smart wearables, aerial photographic drones, smart locks, personal care devices, and portable beauty instruments, which impose strict requirements on chip size, power consumption, and cost control. The global MCU market size in consumer electronics was US\$1.4 billion in 2024 and is projected to reach US\$1.9 billion by 2029, with a CAGR of 6.9%. Our products, with high cost-performance, good compatibility, and strong anti-interference performance, have been widely used in the above scenarios and have been successfully adopted by several leading brand customers, forming stable shipment and cooperation.
- ***Industrial Control and Digital Energy:*** This includes core equipment such as servo motors, inverters, PLCs, CNC systems, and industrial robot control units, which impose very high demands on real-time response, high computing performance, and system integration of chips. The global industrial control MCU market size was US\$7.7 billion in 2024 and is expected to reach US\$11.8 billion by 2029, with a CAGR of 9.0%, according to CIC. We are the first Chinese company to launch an MCU product based on a heterogeneous multi-core architecture of Arm Cortex-M7+M4 and GPU, according to CIC. These products offer high core clock speeds, large-capacity flash memory, and abundant high-speed interfaces, and have been widely adopted by leading industrial control companies in China, giving us a first-mover advantage in domestic substitution of high-end industrial MCUs.
- ***Smart Home:*** This includes white goods (refrigerators, air conditioners, washing machines), cleaning appliances (robot vacuums, floor scrubbers), smart lighting, and smart home control systems, which place high requirements on motor control, connectivity, and power efficiency. The global smart home MCU market size was US\$3.1 billion in 2024 and is expected to grow to US\$4.5 billion by 2029, with a CAGR of 7.7%, according to CIC. In the cleaning appliance MCU market, our products have reached approximately 30% terminal coverage, according to CIC, and are widely used by leading domestic and international home appliance brands, offering high reliability, high integration, and fast startup response to help customers improve system performance and user experience.
- ***Automotive Electronics:*** This includes body control (windows, lights, seats), smart cockpit (instrument clusters, infotainment), power systems, BMS, and driver assistance systems (AVAS, PKE, radar), which impose strict requirements on chip stability, safety, and temperature resilience. The global automotive MCU market size

BUSINESS

was US\$12.4 billion in 2024 and is expected to reach US\$21.6 billion by 2029, with a CAGR of 11.7%, according to CIC. Our automotive-grade MCU products are AEC-Q100 certified, feature strong anti-interference and wide-temperature operating capabilities, and have been adopted into the production systems of new energy vehicle makers.

- **Medical Electronics:** This includes portable health monitoring devices (oximeters, blood glucose meters, blood pressure monitors), wearable health devices, ventilators, monitors, and oxygen concentrators, which place high demands on low power consumption, safety, and sensor interface compatibility. The global MCU market size in medical electronics was US\$0.8 billion in 2024 and is expected to reach US\$1.3 billion by 2029, with a CAGR of 11.5%, according to CIC. We have launched several low-power consumption MCUs and Bluetooth MCUs applicable to communication and control in mobile medical device. Some of our mid- to high-end products have also been adopted into hospital-grade respiratory and monitoring systems, establishing close cooperation with medical device manufacturers.

In addition to the five traditional sectors above, we are also actively expanding into emerging strategic sectors such as AI, robotics, new energy, and the low-altitude economy, and have made substantial progress in product deployment:

- **AI Applications:** Edge AI computing scenarios include industrial visual recognition, voice control, image processing, and equipment fault prediction, which require embedded chips to possess basic computing power and AI framework support. The global MCU market size for AI scenarios was US\$0.7 billion in 2024 and is projected to reach US\$2.7 billion by 2029, with a CAGR of 31.0%, according to CIC. We have launched AI edge MCUs that support TensorFlow Lite and are planning to develop NPU-integrated products for use in robot vision recognition, industrial defect detection, and path avoidance.
- **Robotics:** This includes industrial robotic arms, collaborative robots, household service robots, and humanoid robots, requiring chips to support high-frequency PWM control, high-speed sampling, and high security. The global robotics MCU market size was US\$0.3 billion in 2024 and is projected to reach US\$0.9 billion by 2029, with a CAGR of 27.4%, according to CIC. Our products have been widely applied in robotic vacuum cleaners, pool cleaning robots, exoskeleton robots, and humanoid robot control systems, and offer high-precision motor control and multi-sensor integration capabilities.
- **New Energy:** This includes communication/server power supplies, photovoltaic inverters, BMS, battery swap cabinets, and charging piles, which impose strict requirements on reliability, electromagnetic compatibility, and system safety of MCUs. The global MCU market size for new energy was US\$0.5 billion in 2024 and is projected to reach US\$2.2 billion by 2029, with a CAGR of 32.3%, according to CIC. Our products have achieved mass deployment in photovoltaic and AI server

BUSINESS

power applications, and our BMS chips have entered leading customers in energy storage and micro-mobility systems, demonstrating strong product adoption and customer integration capabilities.

- ***Low-Altitude Economy:*** This includes emerging application scenarios such as logistics drones, consumer- and industrial-grade aerial drones, and manned aerial vehicles, which require MCUs with high integration and real-time performance in flight control systems, attitude sensing, image processing, and secure communications. The global MCU market size for the low-altitude economy was US\$0.3 billion in 2024 and is projected to reach US\$0.8 billion by 2029, with a CAGR of 19.5%, according to CIC. Our N32G4 and N32H4 series, featuring excellent signal processing and motor control capabilities, have been successfully applied in aerial photographic drones, providing stable and reliable flight control performance to help customers accelerate product implementation in low-altitude applications.

Leveraging our deep presence in the five key sectors and our forward-looking deployment in emerging strategic areas, we are building a technology ecosystem centered on MCUs that covers a broad range of intelligent application scenarios. While continually expanding the application boundaries of our chips, we are also solidifying our position as a leading domestic chip solution provider across multiple scenarios.

Over Two Decades of Deep Expertise in Building Multilayered Technical Barriers with Security, High Integration, Low Power Consumption and Heterogeneous Architecture

We have been deeply engaged in independent chip R&D for over two decades, with continuous investment in key technology areas such as security design, high integration, low power consumption control, and heterogeneous multi-core architecture. We have established a leading technology system covering mainstream MCU application scenarios. We possess full-process IC design capabilities, spanning system architecture, RTL development, front-end verification, physical design, analog IP design, and SDK development, enabling integrated design from chip architecture to software ecosystem.

In digital design, we have established mature RTL development methods and automated synthesis processes to efficiently implement complex digital logic functions. In analog design, we have capabilities in high-performance analog circuits and layout optimization, ensuring chip stability and consistency under diverse operating conditions. In front-end verification, we have established system-level verification platforms and high-coverage test mechanisms to comprehensively ensure design quality and product reliability. In back-end physical implementation, we have accumulated extensive experience in layout and routing, timing optimization, and power consumption control, allowing optimal chip size and power consumption configurations while meeting high-performance demands. In SDK development, we have full-stack capabilities from basic drivers to application development tools, providing customers with comprehensive software-hardware adaptation support.

BUSINESS

By continuously advancing fundamental core technologies, we have not only built systematic advantages in product performance and cost, but also established differentiated technical barriers in areas such as security, computing power, and stability, which form our core competitiveness in the domestic MCU industry.

- ***Security Design:*** We have built a layered architecture with security around an end-to-end “cloud-pipe-device” defense system, broadly applicable to high-security scenarios such as IoT, vehicle networking, and industrial control. Our products integrate cryptographic acceleration engines and physical attack prevention modules, support SM2/3/4/9 commercial cryptographic algorithms and SSL/TLS protocols, and are widely deployed in payment terminals, smart grids and other areas. Our high-speed encryption modules achieve bidirectional throughput of up to 40 Gbps, significantly above the industry average. Our specialized market chips performance in cryptographic algorithm processing ranks among the industry leaders in applications such as IoT and smart terminal security.
- ***High Integration Design:*** We possess analog-digital co-design capabilities, enabling integration of modules such as power management, ADCs, DACs, operational amplifiers, and level shifters into a single chip, effectively reducing BOM cost and system complexity. Our products support on-chip integration of high-speed interfaces such as USB PHY and MIPI DSI PHY, and have achieved strict certifications from USB-IF and multiple end customers, making us one of the few IC design companies with such capabilities in China. Our products also support 5V-tolerant I/O interfaces and feature low EMI, allowing direct interfacing with various peripheral signals. These features are particularly suitable for industrial control, graphical interaction, and human-machine interface scenarios requiring high stability and strong anti-interference, thereby enhancing overall system reliability and sustainability.
- ***Low Power Technology:*** Through multi-power domain partitioning and dynamic power management mechanisms, combined with near-threshold voltage (NTV) control, DVFS, low-power consumption sleep management, and multi-level wake-up strategies, we have developed system-level solutions for various low-power consumption scenarios. Typical MCU products achieve standby power consumption as low as nanoamperes (nA), and dynamic power consumption below 15 μ A/MHz — significantly better than the industry average. These products are widely used in battery-powered applications such as portable medical devices, wearables, and wireless sensor networks, enabling 3-5x longer battery lifecycle while maintaining fast response speeds. Some products support uninterrupted micro-power operation for over 10 years.

BUSINESS

- ***Heterogeneous Multi-Core Architecture:*** We are the first MCU design company in China to launch products based on Cortex-M7, M4, and GPU heterogeneous multi-core architecture, pioneering the application of high-performance computing and real-time control in coordination, according to CIC. This architecture, through an internal dual-core communication module and coordination mechanism, enables task allocation between the high-performance core and the real-time core: the high-performance core handles complex computing tasks, while the real-time core handles time-critical control tasks. This balances computing demands with real-time responsiveness and improves overall system efficiency. Compared to traditional single-core MCUs, multi-core designs can increase overall system performance by more than 50%, and are widely used in complex control systems such as industrial servos, image recognition, and robotics, offering advantages in throughput, latency, and reliability.

We continue to build a global R&D system, having established a domestic R&D center at our Shenzhen headquarters and an overseas technical R&D center in Singapore. We have attracted senior IC design and system engineering talents from Chinese Mainland, Singapore, Japan, etc, and established a full-process R&D system covering architecture design, algorithm development, verification testing, and application support. As of the Latest Practicable Date, we possessed more than 350 patents (including 47 important patents), 53 proprietary rights of IC layout design, and 97 software copyrights in China, and have led or participated in multiple national key science and technology projects and industry standard-setting efforts. Our strong R&D team and deep technological expertise provide a solid foundation for us to continuously launch leading products and maintain our technological moat in the future.

Established Overseas Headquarters to Enhance Overseas R&D, Delivery Capabilities and International Service System

In addition to our China headquarters in Shenzhen, we have also established overseas headquarters in Singapore to coordinate product R&D, customer coverage, and delivery system development for the international markets. While our China entities focus on serving the local market and actively responds to the national strategy of independent and controllable core technologies, our Singapore headquarters target overseas markets and meets customers’ needs for supply chain security and local compliance. This coordinated layout not only enhances our flexibility in responding to different policy environments but also improves our global market coverage and customer service capabilities, accelerating the expansion of our overseas business.

In China, we have established a mature and stable system for R&D, manufacturing, and supply chain management. We have formed long-term partnerships with mainstream foundries, packaging and testing providers, and material suppliers, building a complete chain covering IC design, tape-out, packaging and testing, quality management, and delivery support. This enables us to provide reliable and localized product support to customers in core sectors such as consumer electronics, industrial control and digital energy, and automotive electronics. Our

BUSINESS

customer service network covers key industrial clusters such as the Pearl River Delta, Yangtze River Delta, and East China, with capabilities in fast response, efficient delivery, and customized support, securing a solid position in several niche markets.

On the international front, we have taken a strategic and forward-looking step to upgrade our Singapore subsidiary, NSING, into our international business headquarters, serving as a hub for global market operations and international resource coordination. NSING undertakes the design and sales functions for core products including general-purpose MCUs, BMS chips, and specialized market chips. It also has independent project management and international customer support capabilities and is gradually establishing an overseas supply chain system through cooperation with regions such as Taiwan and Malaysia, to ensure our products meet compliance requirements under different standards and systems. The Singapore team brings together senior technical talents from internationally renowned IC design companies and has taken the lead in system architecture design and key module development for several general-purpose MCU projects, becoming a core pillar of our global R&D collaboration. In 2024, we completed the first overseas delivery of our MCU products and will continue to use Singapore as a foothold to expand into Asia-Pacific, Europe, and North America, driving rapid growth in our international business.

To enhance global technology innovation and localized service capabilities, we have established six R&D centers in Shenzhen, Singapore, Beijing, Shanghai, Xi'an, and Wuhan, and are continuing to expand R&D presence in the United States, Japan, and other regions. This builds a collaborative innovation system of “localized global talent + globalized local technologies.” The Beijing center focuses on advanced technology R&D and servicing the North China market, leveraging resources from Tsinghua University and the Chinese Academy of Sciences; the Shanghai center integrates cluster advantages in the Yangtze River Delta to coordinate high-end IC design and customer outreach; the Xi'an and Wuhan centers utilize local talent pools to form stable R&D bases and create technology and talent hubs in Northwest and Central China; the Chongqing center serves emerging industrial needs in Southwest China; and the centers in the United States and Japan continue to focus on emerging market demands and guide product development toward the future. Through this global R&D layout, we continue to strengthen our core capabilities and technological expertise, ensuring sustained innovation and competitiveness of core products in complex environments.

BUSINESS

Visionary Management and a Solid Core Technical Team to Build Sustainable Organizational Strength

We have a management team with strong strategic vision and practical experience, providing a solid foundation for the Company’s leapfrog development. Mr. Sun, our Chairman and General Manager, has served as General Manager since 2005 and concurrently as Chairman since 2018. He has been deeply involved in and led key decision-making and implementation in areas such as technology roadmap, product direction, and strategic transformation. Mr. Sun currently serves as the vice chairman of the supervisory committee of the China Association for Public Companies, and has also held important positions such as vice president of the China Association for Public Companies, president of the Shenzhen Semiconductor Industry Association and president of the Shenzhen Commercial Cryptography Industry Association. Under his leadership, we have successfully upgraded from a company focused on vertically subdivided specialized market chips to a platform-based and multi-category MCU design company, while proactively deploying in emerging fields such as AI, robotics, new energy, and the low-altitude economy, achieving continuous growth in both business structure and revenue scale. Beyond the Chairman, our core management team consists of senior executives with many years of experience in the integrated circuit and new energy materials industries. They possess extensive commercialization experience and strong market acumen, allowing them to accurately grasp industry development trends and efficiently mobilize resources to achieve strategic objectives.

We have assembled an experienced R&D team with diverse professional backgrounds, covering key technology areas such as chip architecture design, analog and mixed-signal circuit design, embedded systems, cryptographic algorithms, edge AI models, and power optimization. The core members of the team generally have over ten years of industry experience and have worked at leading international IC design companies, demonstrating strong engineering capabilities and a deep understanding of complex application scenarios. The team also includes outstanding talents from top domestic universities such as Tsinghua University, University of Electronic Science and Technology of China, and Shanghai Jiao Tong University, as well as technical experts who graduated from renowned overseas institutions, fostering a technological environment that combines global perspective with local execution. It is this stable and capable R&D team that continues to drive our advancement in high-security, high-integration, low-power consumption, and AI control technologies, enabling continuous product iteration and technical leadership, and providing strong momentum for our innovation-driven growth.

BUSINESS

OUR DEVELOPMENT STRATEGIES

Focusing on Strategic Industries such as AI and Edge Computing, Robotics, and Industrial Control to Deepen Chip Capabilities and Achieve Full-Scope Coverage

We adhere to a scenario expansion strategy of “deepening core sectors and breaking into new domains,” and are accelerating the deployment of chip products in emerging vertical scenarios such as AI, robotics, industrial control, automotive electronics, intelligent computing centers, and the low-altitude economy. Our goal is to establish sustainable competitive advantages in core scenarios with high-growth and high technology features. Compared with the achieved breadth of product lines and market coverage, we will focus on deeper development in strategic sectors, launching more breakthrough high-performance and highly integrated MCU products to transition from “breadth expansion” to “precision refinement” and “depth penetration,” and gradually achieve the strategic goal of MCU’s ubiquitous presence across all scenarios in an intelligent society.

- ***AI and Edge Computing:*** As AI large model technologies accelerate in adoption, demand for edge AI computing is growing rapidly, with embedded MCUs becoming key computing units in intelligent sensing terminals. We plan to launch MCUs integrated with AI algorithms (such as voice recognition and image processing) for lightweight inference scenarios such as fault diagnosis in smart meters and path avoidance, to reduce reliance on the cloud and enhance real-time responsiveness. We plan to develop AIoT chips integrated with NPUs that are compatible with mainstream frameworks such as TensorFlow Lite, and can serve scenarios like smart home and industrial vision, providing localized AI computing support. We are also planning to develop automotive-grade AI chips to enable state-of-health (SOH) prediction and fault warnings for batteries.
- ***Robotics:*** As applications of intelligent robotics accelerate under industrial automation and AI, we are building a tiered product matrix for “mid- and low-end cleaning robots + high-end humanoid robots,” with core deployments in heterogeneous multi-core architecture and edge AI computing. In the future, we will launch dedicated high-performance MCUs integrated with NPU, EtherCAT, PWM, and other functional modules, supporting integrated perception-control design. We will also build an ecosystem of “chip + algorithm + development platform” to meet the full-stack control requirements of the intelligent robotics industry in terms of real-time performance, anti-interference, and information security.
- ***Industrial Control:*** The intelligent upgrade of industry is driving MCUs toward higher reliability and faster response. We are actively developing motor control MCUs with integrated computation, control, and interface capabilities. We have already launched several dedicated motor control chips featuring 12~14-bit ADCs, programmable amplifiers, and low-latency interrupt systems and other industrial-grade characteristics. Over the next three years, we plan to significantly increase the

BUSINESS

revenue contribution from industrial-grade MCUs, to reach parity with consumer-grade MCUs and expanding our market share in high-end servos, inverters, and robotic motion control systems.

- ***Automotive Electronics:*** In response to the trends of electrification, intelligence, and connectivity in smart connected vehicles, we will focus on deploying ASIL-D grade MCUs and specialized market chips that support multi-domain integration, integrating HSM modules and dual-algorithm encryption engines to cover critical systems such as autonomous driving, cockpits, and V2X. At the same time, we will develop integrated vehicle-cloud solutions, enhancing compatibility with mainstream automakers and ecosystem platforms, and advancing from body control systems to system-level expansion into the autonomous driving domain.
- ***Intelligent Computing Centers:*** In view of the development trends in AI infrastructure and green data centers, we will continue to develop heterogeneous multi-core MCUs and specialized market chips to support intelligent control of key components such as power supplies, fans, and temperature regulation. We will also launch TPM 2.0 chips integrated with commercial and international cryptographic algorithms. In the future, we will incorporate AI power consumption prediction models to enhance intelligent operation and maintenance and protection in high-efficiency scenarios for AI computing centers, including photovoltaic storage, cooling systems, and 800G optical modules.
- ***Low-Altitude Economy:*** As new scenarios such as general low-altitude aviation and urban air mobility develop rapidly, terminals such as flying cars, logistics drones, and aerial photography drones are placing higher demands on flight trajectory control, attitude control, and communication. We have deployed MCU solutions in relevant products with capabilities in high-speed signal acquisition, low-latency control, and high-reliability communication, and possess the technological foundation to serve the core control systems of aerial vehicles. We are also conducting cooperative validations with related enterprises to actively explore applications in the low-altitude intelligent mobility sector.

By focusing on key verticals such as AI and edge computing, robotics, industrial control, automotive electronics, intelligent computing centers, and the low-altitude economy, we will continue to drive vertical breakthroughs in our MCU product lines, building differentiated technological barriers and customer value in core scenarios. This will enable us to achieve a full-stack embedded control capability layout “from edge intelligence to energy systems,” and support the Company’s transition from “application adaptation” to “scenario leadership.”

BUSINESS

Focusing on Development of Advanced MCU Products and Peripheral Products for Emerging Application Scenarios

We will continue to advance a product R&D strategy centered on “advanced MCU leadership with comprehensive coverage of emerging scenarios,” focusing on edge AI, digital power management, industrial network communication, and in-vehicle information security and other emerging scenarios. Our goal is to build a product system that delivers both technological breakthroughs and strong market penetration.

- **Edge AI:** We plan to launch high-performance MCU products based on a heterogeneous multi-core architecture integrated with embedded NPUs. The main control core will be upgraded to Cortex-M85, supported by NPUs for edge AI inference, while other auxiliary cores will continue to handle real-time control tasks, forming an optimal architecture that coordinates computing power and control. This product series will also incorporate our MCU design with security, integrating hardware encryption engines and key isolation mechanisms to effectively protect customer AI models and other core intellectual property, enabling unified support for intelligent inference and information security on edge devices.
- **Digital Power Management:** We will continue to expand our product portfolio across different power levels to cover diverse application scenarios such as communication base stations, data centers, and household power supplies, with a focus on improving light-load efficiency and dynamic response performance. At the same time, we provide a full-stack solution of “chip + algorithm + reference design + development toolchain,” and leverage real-time operating systems and other development ecosystems to help customers shorten development cycles and improve system consistency, meeting the high-performance needs of scenarios such as AI, cloud computing, and new energy.
- **Industrial Network Communication:** We plan to launch industrial MCU products compatible with mainstream international protocols such as EtherCAT, PROFINET, and EtherNet/IP, and build a unified multi-protocol communication platform. This will support rapid cross-country/region and cross-industry adaptation for global equipment manufacturers, reduce system complexity, and shorten time-to-market. We also pay close attention to the development of global industrial communication standards, engage in technical collaboration with key upstream and downstream enterprises, and actively participate in the independent development of industrial network systems and implementation of advanced solutions.
- **In-Vehicle Information Security:** We plan to develop domestically produced automotive-grade chip solutions, integrating AI computing capabilities and information security functions. Centered around vehicle-to-cloud secure communication scenarios, we aim to build a full-chain trusted computing architecture. These products will integrate HSM modules that support dual commercial and international cryptographic algorithm engines, and will address

BUSINESS

core system requirements in smart cockpits, autonomous driving, V2X communication, and power management systems. They will also meet high-level functional safety and cybersecurity standards required by mainstream automakers, contributing to the self-development of an innovative in-vehicle information security ecosystem.

As part of our strategic transformation, we are shifting from primarily adapting our products to meet specific customer applications (“application adaptation”) to proactively defining and leading solutions for broader and emerging use cases (“scenario leadership”). In this transition, we will also continue to expand other high-performance chip products for emerging scenarios such as smart home, energy storage systems, photovoltaic power management, and wearable medical devices, thereby strengthening our scale advantage. Leveraging our technological strengths in analog circuitry, low-power consumption control, and secure architecture, we aim to further achieve core module reuse and modular innovation. We will build a fast-response product iteration system in areas such as edge computing, power control, and wireless communication, driving comprehensive upgrades in both vertical breakthroughs and horizontal expansion of our product portfolio.

Continuously Stimulating Innovation Drivers to Maintain and Lead Technological Advancement

We steadfastly uphold a technology innovation strategy that emphasizes independent R&D as the driver of corporate growth and systematic upgrades to core technologies. In response to development trends in key areas such as edge AI, digital power management, industrial network communication, and in-vehicle information security, we are focusing on four core technological directions — high integration and advanced packaging technologies, IC design for lower power consumption, heterogeneous multi-core architectures, and edge intelligence with model optimization — to comprehensively build a diversified, high-performance chip product platform that provides continuous technological support for complex terminal applications. We will increase R&D investment and accelerate implementation in the following four areas:

- ***High Integration and Advanced Packaging Technologies:*** We will accelerate the deployment of advanced packaging technologies such as SoC and SiP heterogeneous integration, and enhance our analog-digital co-design capabilities. This will enable deep integration of MCUs with power management, RF communication, sensor interfaces, AI acceleration cores, and other functional modules, significantly reducing customer BOM costs and system complexity, and supporting compact intelligent terminals with high integration demands.

BUSINESS

- ***IC Design for Lower Power Consumption:*** We will continue to refine near-threshold low-power consumption design and optimize key technologies such as multi-power domain management, DVFS, event-triggered wake-up, low-power consumption SRAM, and ultra-low leakage devices. These advancements will further reduce chip operating and standby power consumption, improve overall energy efficiency, and create differentiated competitive advantages in power-sensitive applications such as smart wearables, wireless IoT, and medical monitoring.
- ***Heterogeneous Multi-core Architecture:*** We will further evolve our heterogeneous multi-core architecture by integrating Cortex-M7/M85, NPU, GPU, RISC-V, and other cores, along with functional units such as AI accelerators, image/motion control co-processors, and industrial protocol hard cores. This will enable efficient task division between control logic, AI computation, and peripheral interfaces, meeting the needs of high real-time and multi-tasking scenarios in edge AI, industrial control, and humanoid robotics.
- ***Edge Intelligence and Model Optimization:*** We will build an AI MCU platform with integrated NPU, supporting mainstream toolchain deployments such as TensorFlow Lite and TinyML. We will develop lightweight neural network models and runtime environments, while incorporating chip-level commercial cryptographic algorithm modules to protect customer AI algorithm assets. This will enable high-performance inference, secure storage, and low-power consumption operation for edge AI, with broad applications in intelligent terminals such as robotic vision, obstacle avoidance, and industrial defect detection.

Through the strategic advancement of these four technological directions, we will continue to build barriers for technological leadership, create a product matrix that spans traditional and emerging application scenarios, and drive the Company’s transformation from domestic substitution to high-end leadership in the global intelligent control chip industry.

Deepening Deployment in the New Energy Sector to Build an Integrated Ecosystem of Materials and Control Systems

We will continue to strengthen our technological deployment in the field of lithium-ion battery anode materials. While consolidating our technological advantages in mainstream artificial graphite products, we are actively advancing R&D and pilot testing of diversified material systems such as silicon-carbon anodes and hard carbon. Our goal is to achieve breakthroughs in key performance indicators such as high specific energy, long cycle life, fast charging, and low-temperature performance, and to gradually build a full-scenario anode material product system covering passenger vehicles, light vehicles, energy storage, and consumer batteries. In the future, we will accelerate the productization and customer adoption of next-generation materials, promoting the transition of technologies from the lab to large-scale industrialization.

BUSINESS

In terms of building the new energy ecosystem, we will adhere to the core approach of synergistic development of “integrated circuits + new energy materials,” enhancing the joint application of BMS chips, automotive-grade MCUs, and lithium-ion battery anode materials within the same customer systems. We are accelerating the mass production and adoption of high-precision BMS chips that meet ASIL-D level requirements. These chips support high-precision voltage monitoring, strong passive balancing capabilities, and multi-level AFE chip cascade control, enabling safer, more stable, and more efficient battery management solutions for customers in multi-cell systems. This will further enhance customer adoption efficiency and the integrated value of our solutions.

At the same time, we will continue to optimize our delivery response and support mechanisms for leading customers in the new energy sector, accelerate validation efforts for potential customers, and leverage our overseas business platform and localized delivery capabilities to expand into international markets. Through these efforts, we aim to build a globally coordinated, efficiently synergized, and sustainably evolving new energy industrial ecosystem.

Attracting Top Global Talents and Selectively Exploring Acquisition Opportunities

We have always regarded talents as the fundamental driver of technological advancement and the Company’s sustained growth, and we place great importance on attracting top-tier technical talents and systematically building our R&D talent pipeline. Going forward, we will further improve our incentive mechanisms, foster an organizational culture and innovation environment geared toward long-term development, and continuously enhance organizational effectiveness. Leveraging our overseas R&D centers in Singapore, Japan, and other locations, we are gradually establishing a global talent recruitment and development system to attract high-end technical talents with international perspectives and industry experience. Our goal is to build an open, efficient, and diverse talent ecosystem that supports the foundation for global business development.

On this basis, we will also selectively explore external acquisition opportunities as a strategic supplement to our organic growth. In the future, we will prioritize high-quality companies that demonstrate strong synergy with our existing product portfolio — particularly in key complementary areas such as power semiconductors, analog chips, and interface chips — to enable vertical integration of our industry chain or horizontal expansion of our product capabilities. We will evaluate potential acquisition targets based on their technological complementarity, financial feasibility, and long-term value creation potential, all within the framework of our global strategic layout and dual-market strategy. Every acquisition will be aligned with the Company’s overall strategic blueprint and aimed at building a comprehensive technology enterprise with sustainable innovation capacity and global competitiveness.

BUSINESS

OUR BUSINESS MODEL

We operate a business model across two key segments of the technology value chain: chip products and lithium-ion battery anode materials. Each business line is built upon distinct operating strategies tailored to the characteristics of the relevant industry.

- *Chip Products Business Line*

We focus on the design and sales of microcontroller units (MCUs) (including general-purpose MCUs, specialized market chips and RF chips) and BMS chips. We operate under a fabless model, concentrating on in-house IC design while outsourcing the entire manufacturing process — including wafer fabrication, packaging and testing — to foundries. In addition, we have been licensed with intellectual property (IP) modules such as embedded non-volatile memory (eNVM), standard cells, and I/O libraries (i.e. an IP database used in IC development) from ecosystem partners to accelerate design efficiency and improve product integration.

- *Lithium-ion Battery Anode Materials Business Line*

Our lithium-ion battery materials business involves the in-house R&D, manufacturing and sales of lithium-ion battery anode materials. Our core offering includes artificial graphite products, as well as graphitization processing services for third party clients. We manage end-to-end production, from raw material processing and formulation to final product manufacturing and customer delivery, with a focus on quality control and application-specific customization.

Through these two business models, we aim to capture long-term growth opportunities in both the semiconductor and new energy sectors, leveraging synergies in technology, customer base and supply chain operations.

BUSINESS

OUR PRODUCT OFFERINGS

Overview

We offer a wide variety of (i) MCUs (including general-purpose MCUs, specialized market chips and RF chips) and BMS chips under our chip products business line, and (ii) artificial graphite products and graphitization processing services under our lithium-ion battery anode material products business line. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as a percentage of our revenue, for the years/periods indicated:

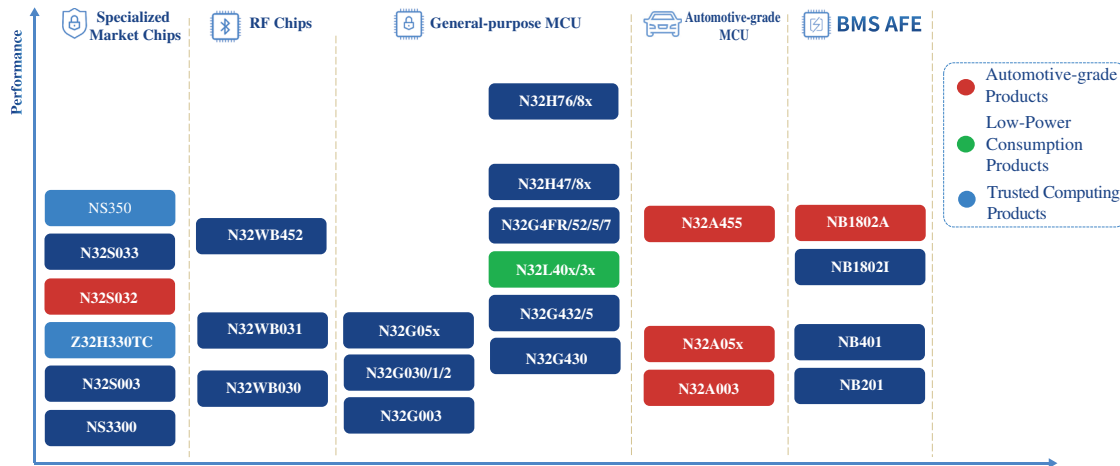
	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Sales of chip products .	458,236	38.3	417,141	40.2	555,724	47.6	399,961	48.7	463,912	48.4
Sales of lithium-ion battery anode material products and graphitization processing services . .	627,337	52.5	526,892	50.9	549,421	47.1	377,392	46.0	455,048	47.5
Others	109,838	9.2	92,720	8.9	62,405	5.3	43,641	5.3	39,355	4.1
Total	1,195,411	100.0	1,036,753	100.0	1,167,550	100.0	820,994	100.0	958,315	100.0

Chip Products

We primarily focus on MCU products in our chip products business, the downstream applications of which primarily span consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics. In addition to the five traditional sectors, we are also actively expanding into emerging strategic sectors such as AI, robotics, new energy, and the low-altitude economy, and have made substantial progress in product deployment.

BUSINESS

Below please find our product matrix showing the key features of the chip products we currently offer:



- MCU products.** MCUs are the “intelligent control core” in electronic products. Their principal functions are as follow:
 - *Perception and Input Processing:* Through numerous General-Purpose Input/Output (GPIO) pins and dedicated interfaces (such as ADC), an MCU can read physical signals (analog or digital) from various sensors (temperature, light, pressure, motion, etc.), buttons, switches or other devices, and convert them into processable digital information.
 - *Data Processing and Logical Decision-Making:* An MCU internally contains a processor core (CPU), memory (Flash for program storage, RAM for data) and dedicated computing units. It executes the program (firmware) burned into its flash memory, performs calculations, analysis, comparisons and logical judgments on the collected input data, and makes decisions based on predefined rules or algorithms.
 - *Control and Output Execution:* Based on the processing results, an MCU generates control signals via its GPIO pins and dedicated output interfaces/peripherals. These signals are used to drive actuators (like motors, relays, LEDs), update display devices (like screens), communicate with other devices or transmit data, thereby achieving precise real-time control of electronic device functions.

BUSINESS

In summary, an MCU integrates the three core functions of perception, thinking (computation/decision-making), and action (control/output) into a single chip. This empowers electronic products with “intelligence” and “automation” capabilities, enabling them to independently perform specific tasks. Consequently, MCUs are widely used across various fields, from household appliances to industrial equipment and automotive electronics.

Our MCU products can generally be divided into three categories, namely general-purpose MCU products, specialized market chips and RF chips.

- *General-purpose MCU products.* Our general-purpose MCU products cater to a wide range of applications, including digital energy management, robotics, AI data centers, automotive electronics, smart home appliances, industrial control, servo systems, smart metering, security, consumer electronics, medical electronics and others.

In the field of digital energy management, typical applications of our products include energy storage, inverters, AI data center power supplies, and charging stations/chargers. In the field of smart home appliances, our products are used in refrigerators, air conditioners, washing machines, smart door locks, LED lighting and electric curtains, among others. In the field of robotics, applications range from exoskeletons and humanoid robots to cleaning robots. In the field of industrial control, our products are used in servos, variable-frequency drive PLCs, and encoders. In the field of consumer electronics, our products have been used in aerial photography drones, action cameras, TWS headsets and smart phones, among others. In the field of medical electronics, our products have been used in medical devices such as oximeters, blood glucose monitors, oxygen concentrators and ventilators.

- *Specialized market chips.* Our specialized market chips are primarily deployed in financial payments, IoT, intelligent terminal devices, automotive electronics, e-banking, mobile payments, servers, industrial control and trusted computing.

Typical applications include wearable payment systems, smart homes, smart cities, smart industries, smart meters, smart door locks, and webcams within IoT. In automotive electronics, they are used in V2X communication, ECUs, digital keys, and car recorders. In industry, they support frequency conversion, servo systems, elevator control and PLCs. Additionally, they provide anti-counterfeiting authentication and firmware code protection for those devices.

- *RF chips.* Our RF chips are widely utilized in the industrial IoT (such as logistics tracing), as well as in wearable devices (such as smart watches), smart home (such as smart door locks) and the financial payment sector (such as Bluetooth key).

BUSINESS

During the Track Record Period, substantially all of our chip products revenue were generated from the sales of MCU products, being RMB458.2 million, RMB417.1 million, RMB555.7 million, RMB400.0 million and RMB463.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

- **BMS chips.** BMS chips are the sensing and control core of the battery management system. Their main functions include:
 - *High-Precision Battery Parameter Acquisition:* Directly connected to individual battery cells, BMS chips measure each battery cell’s voltage, temperature (via thermistors) and the battery pack’s total current (via a sense resistor).
 - *Passive Cell Balancing:* During charging or idle states, BMS chips detect voltage differences between battery cells. Using internal or external switches and resistors, they discharge battery cells with higher voltages, equalizing the cell voltages to enhance overall pack capacity and lifespan.
 - *Critical Safety Monitoring & Alarming:* BMS chips continuously monitor the acquired raw data against preset safety thresholds. Upon detecting a dangerous condition, the chips immediately trigger hardware protection signals to notify the main MCU or protection IC for emergency action.
 - *Data Communication Interface:* BMS chips provide standard digital communication interfaces to transmit real-time acquired battery raw data and status flags to the main MCU for more complex calculations and system management.

In essence, BMS chips act as the “eyes and primary brain” of a battery management system. They are responsible for accurately sensing battery status, performing basic balancing, providing primary safety protection and relaying critical information to the main controller.

Our BMS chips provide crucial battery monitoring and protection to ensure safe usage and extend battery life, facilitating the design of efficient, long-lasting, and reliable battery-powered applications for our downstream customers. These BMS chips have been shipped in bulk and are primarily used in notebooks, tablet PCs, IPCs, aerial photography drones, and fire safety equipment. Furthermore, our highly reliable automotive electronics and industrial energy storage BMS chips have completed development.

We commenced the R&D of BMS chips in 2022, launched our first BMS IC product in 2023 and started to generate revenue from BMS chips in 2024. As a relatively new type of products launched to the market, BMS chips contributed to less 1% of our total revenue in 2024 and the nine months ended September 30, 2025.

BUSINESS

MCUs in Humanoid Robots: Core of Distributed Real-Time Control

For an illustrative example of how our MCU products are used in the field of humanoid robots, the MCUs serve as the core of distributed real-time control. Their primary functions include:

- **Real-Time Performance Guarantee:** Joint motors and sensors (force control, temperature, etc.) require millisecond-level response times. MCUs perform local closed-loop control to ensure precise movement.
- **Functional Modularity:** Each joint, sensor module, and power management unit is independently configured with its own MCU. This distributes the load on the main processor and enhances system reliability.
- **Low-Power Management:** During standby or low-load periods, MCUs control modules to enter sleep modes, significantly extending operational time.
- **Hardware Interface Expansion:** MCUs directly drive servo motors, encoders, and communication peripherals, reducing resource consumption on the main processor.

MCUs provide the essential distributed intelligence for real-time control, modularity, power efficiency, and hardware interfacing in complex humanoid robotic systems. One humanoid robot typically requires 23 to over 40 MCUs, depending on the robot’s complexity and capabilities. Below is an illustrative table showing how many MCUs are typically required for each functional module:

Functional Module	Number of MCUs	Description
Joint Control	12-20+	Each joint (e.g., knee, elbow) requires a dedicated MCU for real-time torque/position control.
Hand Unit	5-10	Each finger joint may be controlled individually for high-precision manipulation.
Sensor Hub	2-4	Manages inertial measurement units, force sensors, temperature monitoring, etc.
Power Management . .	1-2	Battery status monitoring (collaborates with BMS chips), charge/discharge protection.
Communication Gateway	1-2	Handles CAN/Ethernet protocol conversion and data preprocessing.
Safety Monitoring . . .	1	Manages emergency stop, fault diagnosis (redundant control), and communication data security.
Expansion Interface . .	1-2	Reserved for debugging/peripheral access (e.g., auxiliary vision processors).
TOTAL	23-40+	High-end robots can utilize 40+ MCUs.

BUSINESS

The following table sets forth our main chip products on sale, as well as their features and applications.

Product Categories	Series	Features	Applications
<i>MCU products – general-purpose MCU products (price range: RMB1 to RMB45 per chip)</i>	N32H series high-performance MCUs	The N32H series of high-performance MCUs includes the N32H78x, N32H76x, N32H48x, and N32H47x, among others. These products are packaged in LQFP, UQFN, and BGA with pin coverage ranging from 32 to 240.	
		The N32H7x series adopts top-tier global cores (ARM cortex-M7+cortex-M4F) to deliver exceptional computing power while vastly expanding multi-tasking application scenarios, with dual-core (600MHz M7 + 300MHz M4F) and single-core (600MHz M7) variants. Combined with ultra-large capacity Flash and RAM, it easily handles complex algorithms and real-time control. It integrates TT-CANFD, Gigabit Ethernet, and EtherCAT interfaces, positioning itself squarely in the Industry 4.0 landscape. Its exclusive 2.5D GPU+TFT interface gives it an edge in rapidly exploring and acquiring the HMI market. It supports DVP digital camera interface, TFT-LCD graphical interfaces, JPEG hardware encoder/decoder, and GPU. Its built-in hardware encryption engine ensures high-efficiency transmission of critical data and system security, aligning with the broader trends of intelligent and networking.	The N32H7x series is an industry-leading high-performance microcontroller (MCU) tailored for the rapidly growing high-end industrial control sectors.
		The N32H47x series is a high-performance control-oriented MCU series with a maximum main frequency of 200 MHz, 512 KB of Flash, and 196 KB of SRAM. It delivers strong reliability and anti-interference capabilities. In addition to extensive digital peripherals, it also includes high-performance analog peripherals and high-resolution timers. It supports xSPI high-speed memory interface, I2S audio interface, ultra-high-precision timers, CORDIC co-processor, and FMAC unit, with built-in cryptographic algorithm hardware acceleration engine.	The N32H47x series is ideal for applications in new energy (such as digital power supplies and photovoltaic inverters), industrial control (such as encoders, inverters, and servers), automotive electronics (such as OBC), motor control (such as aerial photography drones, robots, and gimbals), etc.

BUSINESS

Product Categories	Series	Features	Applications
MCU products – specialized market chips (price range: RMB1 to RMB20 per chip) . .	N32A Series Automotive-Grade MCUs	The N32A455 series is an automotive-grade MCU product that utilizes a 32-bit Arm® Cortex®-M4F core, with a maximum operating frequency of 144 MHz. It supports floating-point arithmetic and DSP instructions, and comes equipped with up to 512KB of embedded Flash and 144 KB of SRAM. The MCU integrates a wide array of high-performance analog components and features a built-in hardware acceleration engine for cryptographic algorithms.	The N32A455 series has passed the AEC-Q100 Grade automotive certification, making it suitable for applications such as smart car cockpits, body control systems, onboard chargers (OBC) in new energy vehicles, and low-speed acoustic vehicle alerting systems (AVAS).
	N32L Series Low-Power Consumption MCUs	The N32L4x series is a high-performance and low power consumption MCU lineup based on the Cortex-M4F core with a maximum main frequency of 108 MHz, 128 K of Flash and 32KB of SRAM.	The N32L4x series is suitable for applications including metering devices, sensors, instrumentation, medical and personal care equipment, IoT, smart home devices, TWS earphones and competitive gaming devices.
	N32S Series	N32S specialized market chips integrates a hardware acceleration engine for cryptographic algorithms supporting both international and commercial dual standards. The chip is certified by China Information Technology Security Evaluation Center and Commercial Secret Level 2 certifications, meeting financial-grade security requirements.	The N32S series is widely used in internet banking, financial payment, internet of things, tax control, digital currency, device authentication, data protection, anti-counterfeiting, and copyright protection.
	NS350 Series	NS350 Trusted Computing Chip Platform supports both the latest TPM 2.0 standards from the Trusted Computing Group (TCG) and China’s commercial encryption standards. It has received multiple certifications, including CCRA/SOG-IS EAL4+ level certification, TCG Certified TPM certification, and approvals certifying chip and trusted cryptographic module compliance from China’s Commercial Cryptography Testing and Certification Center (中國商用密碼檢測認證中心). It is compatible with CPU platforms of Intel, AMD, Qualcomm, etc. and passes Microsoft Windows compatibility tests.	The NS350 series is widely deployed in PCs, servers, network devices, and industrial computers.
		Our specialized market chips support various commercial and international cryptographic algorithms and provide security functions such as identity authentication, key negotiation, data encryption, and secure storage of critical data.	

BUSINESS

Product Categories	Series	Features	Applications
<i>MCU products – RF chips (price range: RMB1.5 to RMB7 per chip)</i>	N32WB	The N32WB Bluetooth series include the N32WB452 and N32WB031 series. These series offer five product models in a QFN package with 32 to 88 pins.	The N32WB Bluetooth series are tailor-made for smart home and industrial IoT applications.
	Bluetooth MCU series	- The N32WB452 series Bluetooth chip is a high-performance dual-core architecture Bluetooth chip, offering a wide range of digital and analog peripherals as well as high reliability. - The N32WB031 series Bluetooth chip is a category of ultra-low power Bluetooth 5.1 chips. It offers significant power-saving advantages-capable of supporting coin cell battery-powered devices for several months or even years.	Notebooks, tablet PCs, IPCs, aerial photography drones, and fire safety equipment, automotive electronics
<i>BMS chips (price range: RMB2 to RMB5 per chip) . . .</i>	NB401 and NB201 series	The NB401 and NB201 series are battery management chips with integrated high-precision power calculation method for pack side. They support 2/3/4 series lithium-ion battery or lithium polymer battery management, multiple encryption authentication, and provide monitoring, protection, metering and other functions.	Notebooks, mobile power supplies, portable devices, backup power supplies UPS, IPC, medical equipment, etc.

The sales volume of our chips products increased from 136.0 million units in 2022, to 189.9 million units in 2023, further to 340.7 million units in 2024, and increased from 244.5 million units in the nine months ended September 30, 2024 to 278.2 million units in the nine months ended September 30, 2025, as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets.

BUSINESS

Lithium-ion Battery Anode Material Products

Our lithium-ion battery anode material products include artificial graphite products that typically can be used in industries and fields including power batteries and energy storage fields. In addition to producing artificial graphites, we also utilize our graphitization processing capacity to service third party clients when there is excess capacity.

- *Artificial graphite products.* Our artificial graphite products are used in the fields of power batteries, energy storage, fast charging products. Major end uses include power batteries in new energy vehicles and power storage batteries for power grid and photovoltaic devices. Compared with the mainstream similar products in the market, our products excel in performance and cost-effectiveness, according to CIC.
- *Graphitization processing services.* Graphitization is the process of transforming non-graphitic carbon into graphite through heat treatment and is a key step in the production of lithium-ion battery anode materials. In addition to the production of our own artificial graphite products, we also perform graphitization processing services for third-party clients when there is excess capacity. Revenue from graphitization processing services constituted less than 15% of our revenue from the lithium-ion battery anode material products business line in any given year during the Track Record Period.

The following table sets forth our main artificial graphite products on sale, as well as their features and applications.

Models	Features	Applications
Anode Material 1	Half-cell capacity per gram (mAh/g): 350-355	Power battery, energy storage battery
	Electrode compaction density (g/cm ³): 1.50-1.60	
	Ambient temperature on the battery cycle life > 8,000 cycles (70%); Dynamic performance: 1.0C	

BUSINESS

Models	Features	Applications
Anode Material 2	Half-cell capacity per gram (mAh/g): 352-355 Electrode compaction density (g/cm ³): 1.55-1.65 Ambient temperature on the battery cycle life > 6,000 cycles; Dynamic performance: 3C	Fast-charge power battery, electronic tools
Anode Material 3	Half-cell capacity per gram (mAh/g): 352-355 Electrode compaction density (g/cm ³): 1.50-1.60 Ambient temperature on the battery cycle life > 4,000 cycles; Dynamic performance: 6-8C	Fast-charge power battery, electronic tools

The following table sets forth the sales volume of our artificial graphite products, and the volume of artificial graphite products we processed on behalf of third-party clients under graphitization processing services, in 2022, 2023 and 2024.

	Year ended December 31,						Nine months ended September 30,					
	2022		2023		2024		2024		2025		CAGR ⁽¹⁾	
	Volume (ton)	%	Volume (ton)	%	Volume (ton)	%	Volume (ton)	%	Volume (ton)	%	%	
Artificial graphite products	14,012	84.7	19,619	92.4	26,468	81.6	18,457	84.6	20,362	78.0	37.4	
Graphitization processing services	2,533	15.3	1,611	7.6	5,978	18.4	3,367	15.4	5,735	22.0	53.6	
Total.	<u>16,545</u>	<u>100.0</u>	<u>21,230</u>	<u>100.0</u>	<u>32,446</u>	<u>100.0</u>	<u>21,824</u>	<u>100.0</u>	<u>26,097</u>	<u>100.0</u>	<u>40.0</u>	

Note:

- (1) CAGR refers to the growth rate from the year ended December 31, 2022 to the year ended December 31, 2024.

BUSINESS

The sales volume of our artificial graphite products increased during the Track Record Period as a result of our customers’ continuing trust in our quality products, leading to increased purchase orders; the sales volume of our graphitization processing services decreased by from 2022 to 2023 as we prioritized our inhouse demand in 2023, but significantly increased in 2024 as our annual capacity for graphitization processing was enlarged as we completed construction of production lines in Hubei in 2024.

Pricing of Our Products

We base our pricing strategies for our chip products according to a range of factors, including the purchase price of our raw materials (i.e. wafers), processing costs, R&D costs, the demand of downstream markets as well as domestic and international competitive landscape.

With respect to our lithium-ion battery anode material products, our pricing strategy take into account (i) our costs and profit, including production and manufacturing costs, operating expenses, and reasonable profit margins, and (ii) external market conditions, such as market competition and customer acceptance to the products price.

OUR IC DESIGN PLATFORM

We have built a proprietary, full-stack IC design platform that encompasses integrated product development (“**IPD**”) process, an extensive inhouse reusable IP library and comprehensive SDK development capabilities. This platform underpins the development of our chip products — including MCUs (including general-purpose MCUs, specialized market chips and RF chips) and BMS chips — and forms the foundation for our rapid, reliable, and scalable IC design and delivery capabilities.

Our design platform adopts IPD process to complete our IC design, including specification identification, system architecture design, circuit design, simulation verification, back-end physical implementation and sample testing stages. Through structured stage management, cross-departmental collaboration, IP reuse and milestone review, we are able to shorten product development cycle, reduce R&D costs and risks, and improve tape-out success rate and product quality, thereby enhancing our market response speed and overall competitiveness.

A core strength of our platform is our self-developed modular IP library, which includes numerous reusable modules such as spanning clock management, power management, ADC/DAC, cryptographic engines, communication interface and others. These IPs are self-developed and integrates analog and digital IC design, and are adaptable to mature and advanced process. Their strong interoperability allows for flexible integration in IC designs across domains — from low-power consumption IoT to high-performance industrial control — facilitating efficient scaling and consistent design quality.

BUSINESS

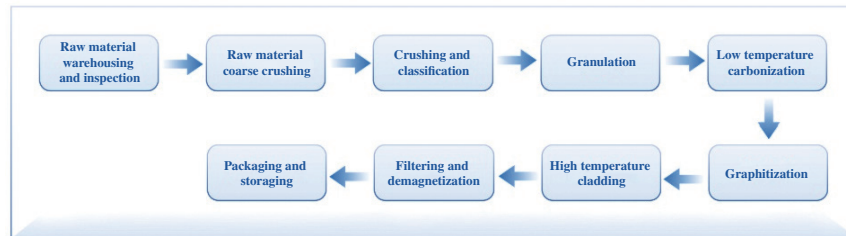
Our SDK ecosystem supports multiple series of chip products, provides a unified API, and ensures code portability. It is also compatible with operating systems such as FreeRTOS and RT-thread, thereby supporting customers to quickly develop application solutions.

As a result of the foregoing, our IPD process, IP ecosystem and SDK ecosystem enable rapid productization and competitive time-to-market performance. These platform capabilities have been instrumental in supporting our leadership in domestic MCU innovation and have laid a technical foundation for our expansion into AI, robotics, and automotive-grade chip markets.

OUR LITHIUM-ION BATTERY ANODE MATERIALS PRODUCTION

Our lithium-ion battery anode materials production formulates production plans based on the sales performance of various types of products as well as inventories of raw materials, semi-finished products and finished product. In addition to our own needs, we also perform graphitization processing services to third party clients when there is excess capacity.

The following diagram illustrates the key steps of our lithium-ion battery anode material production process:



BUSINESS

We operate two production facilities in Inner Mongolia and Hubei. The table below sets out our designed production capacity, actual production volume and utilization rate of our production facilities during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Designed production capacity (tons per annum) ^(note)	24,000	24,000	36,500	24,250	36,750
Actual production volume (tons per annum).	17,304	21,053	34,071	22,922	26,531
Utilization rate (%) . .	72.1	87.7	93.3	94.5	72.2

Note:

While our Hubei production facility has a designed production capacity of 25,000 tons per annum, production began only after June 2024. As such, we have only included half of its designed production capacity (i.e. 12,500 tons per annum) in calculation our overall designed production capacity in 2024.

The utilization rate of our production facilities increased from 2022 to 2024 a result of the increased market demand and our customers’ continuing trust in our quality products leading to increased purchase orders. The utilization rate of our production facilities in the nine months ended September 30, 2025 was lower than the utilization rate of the corresponding period in 2024, because we launched a new production facility in Hubei in June 2024, which was still in the production ramp up stage, adjustments in customers’ procurement schedules, and scheduled major maintenance of the production facilities at Inner Mongolia.

We leased the property on which our production facilities in Inner Mongolia are located, but the landlord does not possess relevant property ownership certificate. The management committee of the local development zone, which as confirmed by our PRC Legal Advisors, has the right to use the underlying property and accept interviews to make confirmation, has confirmed with us through interview that (i) they will not unilaterally terminate the lease contract or force the lessee to relocate and that we will have the right to continue our use of the leased property, and (ii) the lease contract will be allowed or coordinated to renew upon expiry.

Major Machinery and Equipment

We owned most of our major machineries and equipment. Our major machineries include mechanical grinders, claded reactor, tunnel kiln, Acheson graphitization furnace, automatic nitrogen roller furnace, laser particle size analyzer and electrochemical performance test cabinet, among others. Our major machineries and equipment generally have useful lives of approximately three to ten years. We shall replace the machineries and equipment when we

BUSINESS

deem appropriate, taking into account the condition and efficiency of the machineries and equipment and whether new machineries and equipment are required in view of new technology. We did not experience any material or prolonged interruptions to our production process during the Track Record Period. We conduct regular maintenance on our machinery and equipment, including checking for normal wear and tear, and proper functioning of the machinery and equipment. For details of the depreciation policy, please refer to Note 16 of the Accountant’s Report as set out in Appendix I to this document.

BUSINESS SUSTAINABILITY

Our revenue came from two businesses: chip products and lithium-ion battery anode materials. According to CIC, the global MCU chip market has rapidly increased from US\$19.8 billion in 2019 to US\$29.9 billion in 2024, with a CAGR of 8.6%, and the global lithium-ion battery anode material market has increased from 0.4 million tons in 2019 to 2.2 million tons in 2024, with a CAGR of 40.6%. However, affected by the industry cycle, the two industries have also experienced certain ups and downs. Among them, the global MCU chip market, due to the fluctuation of wafer production capacity and increase in market demand in 2021, experienced excessive growth in the prices of mid-to-high-end chips. Since 2023, the chip market gradually returned to supply and demand balance, resulting in a decline in chip prices. Meanwhile, due to the excess production capacity of downstream lithium-ion battery batteries since the fourth quarter of 2022, the global lithium-ion battery anode material market also experienced a rapid decline in prices. On the other hand, in order to continuously enhance the core competitiveness of our products, to enrich our product lines, and especially to accelerate the rollout of new products such as high-performance MCUs and BMS chips, we have maintained a high level of R&D investment. The combination of the above factors, namely industry fluctuations, price pressures, and sustained R&D investment, resulted in our operating losses.

To confront with the temporary adverse fluctuations in the industry during the Track Record Period, we have adopted measures to reduce the related adverse effects, maintain the growth momentum of the sales of chips and lithium-ion battery anode material products to drive our business growth, and effectively control cost of sales and operating expenses, which enabled us to gradually enhance gross profit and narrow net losses. Our primary strategies include: (i) maintaining our business and revenue growth momentum by (1) enhancing product competitiveness through adjusting product mix, entering into new application areas and continuous technological innovation, (2) continuing to maintain good relationships with and further discover more value of existing customers, and (3) actively developing new customers in China and overseas markets; (ii) controlling cost of sales and operating expenses, improving operational efficiency, so as to further improve gross profit margin and net profit margin; and (iii) further improving operating cash flow by further accelerating inventory turnover, strengthening the collection of trade receivables, and optimizing trade payables management. As the price of MCU and that of lithium-ion battery anode materials were still decreasing in 2023 and 2024, despite the sales volume and revenue increased, our gross profit margin in 2024 remained lower than the level of 2022.

BUSINESS

In the future, we expect to primarily continue the implementation of these strategies to maintain the sustainability of our business, and to adjust specific measures in a timely manner based on the evolvement of market conditions and our business developments. For instance, for purpose of maintaining the revenue growth momentum for our chip product business, in addition to continuing to focus on the sales of high-value products in industrial control and emerging sectors, we also plan to launch cost-effective solutions to capture the low-end market as a new strategy.

Furthermore, according to CIC, after the market volatility of the past few years, the price of MCU is expected to stabilize starting from 2025 and gradually go upwards in the foreseeable future, and the market price of sub-categories of lithium-ion battery anode materials either decreased as a slower pace or slight increased in the nine months ended September 30, 2025 after years of decapacity stage, and it is anticipated that the price will likely continue to increase as the market is entering the peak season for sales and stocking for downstream customers. Furthermore, as further elaborated below, the government has also continuously introduced favorable policies conducive to the stable development of the market according to CIC.

Leveraging the above strategies and benefiting from positive market changes, the Company believes that it will be able to gradually improve profit margins and achieve net profit breakeven in the near future.

Maintain business and revenue growth momentum

During the Track Record Period, although we experienced a 13.3% revenue decline in 2023 despite the sales growth of our chip and lithium-ion battery anode material products due to the impact of market demand and price, we recorded revenue growth since 2024 — our revenue increased by 12.6% in 2024 as compared with 2023, and increased by 16.7% in the nine months ended September 30, 2025 as compared with the same period in 2024.

Our business growth is and will be mainly attributable to (1) enhancing product competitiveness through adjusting product mix, entering into new application areas and continuous technological innovation, (2) continuing to maintain good relationships with and further discover more value of existing customers, and (3) actively developing new customers in China and overseas markets.

BUSINESS

(1) Enhancing product competitiveness through adjusting product mix, entering into new application areas and continuous technological innovation

(a) Chip products business line

During the Track Record Period, we actively adjusted our product mix to respond to market changes. Specifically, we gradually focused resources on high-end, high-performance MCUs and high-reliability BMS product lines. For example, in 2024, the revenue contribution by automotive electronics chip sales increased by approximately 4% as compared with that in 2022, which also in turn contributed from the increase of our overall gross profit margin of chip products business line from 27.0% in 2023 to 30.7% in 2024 (before write-down of inventories). At the same time, we had expanded our business into the industrial control sector, such as servo drives and inverters, the unit price of which is generally 10% to 20% higher than that of consumer electronics products on average, while the relevant market demand is stable and less affected by cyclical fluctuations, which is expected to promote our revenue growth and improve our profitability. According to CIC, the global MCU market for industrial control and digital energy sector grew from US\$6.1 billion in 2019 to US\$7.7 billion in 2024, representing a CAGR of 4.8%. The market is expected to reach US\$11.8 billion in 2029 at a CAGR of 9.0%. Regarding the emerging sectors, according to CIC, the global MCU market for new energy applications is expected to rise from US\$0.5 billion in 2024 to US\$2.2 billion in 2029, representing a CAGR of 32.3%; the global MCU market for Edge AI scenarios is expected to surge from US\$0.7 billion in 2024 to US\$2.7 billion by 2029, representing a CAGR of 31.0%; the global MCU market for automotive electronics is expected to rise from US\$12.4 billion in 2024 to US\$21.6 billion in 2029, representing a CAGR of 11.7%; and the global MCU market for robotics field is projected to grow from US\$0.3 billion in 2024 to US\$0.9 billion in 2029, representing a CAGR of 27.4%. According to CIC, the global industrial MCU market is currently dominated by overseas manufacturers. However, the competitiveness of Chinese suppliers in both the China’s and global markets has been steadily improving. In particular, Chinese manufacturers with the capability to develop high-end and high-performance industrial MCUs are expected to further strengthen and expand their competitive position in the industrial segment going forward. See “Industry Overview — Overview of the Global MCU Industry — Market Size of the MCU Industry.”

In the next few years, we plan to further focus on the sales of high-value products in industrial control and emerging sectors including but not limited to new energy, AI, automotive electronics and robotics, and increase sales of high-end products. The market demand for products in these sectors is strong so as to support higher selling price and generate higher gross profit margin.

With respect to industrial control sector, in 2024, we successfully developed industrial control chip products for servo drives, inverters, encoders, PLC controls, and digital power supplies, such as the N32H7 and N32H4 series, which offer higher reliability, stronger anti-interference capabilities, and a wider operating temperature range, meeting the stringent requirements of industrial applications. We are currently in the market introduction stage for

BUSINESS

these products, and has received small-batch orders of high-value industrial control chip products from four major customers. We expect the commercial-scale sales of such products will become a new important revenue growth driver.

With respect to emerging sectors including but not limited to new energy, AI, automotive electronics and robotics, we have formed a clear product roadmap. For instance, we expect AFE (analog front-end) chips for BMS in the energy storage sector, AFE chips for BMS in the power battery sector for new energy vehicles, chips with AI inference capabilities for edge AI devices and control chips for AI computing center infrastructure (such as high-speed optical modules and server power supplies) to be developed and launched in the next few years, which are expected to enhance our market competitiveness in high-growth, high-margin markets.

We did not and do not expect to adopt aggressive pricing strategy to gain market share. We consider our product competitiveness, technology advantages and customer service are our key strengths when competing with our peers. Furthermore, in addition to focusing on high-value high-end products, we also expect to quickly launch cost-effective solutions, which are differentiated products specifically intended to capture the low-end market. Specifically, based on our existing 32-bit MCU platform, we will launch a more cost-effective entry-level series by streamlining peripherals, optimizing IP design, and optimizing packaging formats (such as QFN and TSSOP). This series aims to meet the demand for basic control functions in low-end markets such as smart home appliances, small appliances, and portable devices. The product iteration for the low-end market will focus mainly on power consumption optimization (targeting a 10% reduction). In addition, we can also provide highly integrated solutions (e.g. built-in low-dropout regulator, electrically erasable programmable read-only memory), reduce the number of peripheral components for customers, and lower their overall BOM cost. We consider such products are competitive in the market.

(b) Lithium-ion battery anode material products business line

Building on the technological advantages of our core artificial graphite products, we have been actively advancing the R&D and pilot-scale validation of diverse material systems, including silicon-carbon anodes, hard carbon, ultra-fast-charging graphite anodes (8C+), and ultra-long-cycle anodes (over 15,000 cycles) during the Track Record Period and up to date, striving to achieve breakthroughs in key performance indicators such as high specific energy, long cycle life, fast charging, and low-temperature performance. As of the Latest Practicable Date, (i) we had completed the design for our high specific energy products, and we expect to commence customer sample testing before the end of 2025 and launch products in 2026; (ii) we had completed the design of our long cycle life products, which were under or had passed customer testings, and we expect to launch products in 2026; and (iii) we had completed the design and customer testing for our fast-charging and low-temperature products, and we expect to launch such products in 2026.

BUSINESS

The new generation of lithium-ion battery anode material products offers significant advantages in performance and commercialization potential. For instance:

- Silicon-carbon anode materials can support battery energy density increases to over 400 Wh/kg, meeting the core demand of high-end electric vehicles for longer driving range. The unit price and gross profit margin of such products are significantly higher than those of existing artificial graphite products.
- Hard carbon anode materials, with their excellent low-temperature performance and cycle stability, have broad application prospects in large-scale energy storage and sodium-ion batteries. Currently, the market demand exceeds the market supply, and the sellers therefore enjoy more bargaining power in product pricing.
- The ultra-fast charging graphite negative electrode can support charging rates of 8C and above, effectively alleviating the mileage anxiety of electric vehicle users.
- The ultra-long cycle negative electrode is aimed at grid-level energy storage scenarios, helping customers reduce operating costs throughout the entire life cycle.

We will continue to invest in the R&D in this area, developing new products and optimizing existing products. Supported by our new generation of lithium-ion battery anode material products, we expect to gradually build a comprehensive product portfolio covering application scenarios including passenger vehicles, light vehicles, energy storage, and consumer batteries. In the future, we also expect to accelerate the product commercialization and the introduction of customers of the new generation materials, and promote the transformation of advanced technologies from laboratories to large-scale industrialization.

(2) Continuing to maintain good relationships with and further discover more value of existing customers

We highly value long-term strategic partnerships with existing customers and continuously enhance customer loyalty and single-customer value through systematic customer relationship management. During the Track Record Period, we maintained an overall healthy customer structure and stable relationships with customers. For instance, the sales volume attributable to retained chip products customers (i.e. who are customers in the current year and previous year) increased by 15.7% in 2023 and by 76.5% in 2024, demonstrating the continued growth in value contributed by our existing customers; in terms of sales of lithium-ion battery anode material products (graphitization processing services are not considered here as we generally provide such services for third-party clients only when there is excess capacity after we have satisfied our internal demand for production of lithium-ion battery anode material products, and therefore not supposed to be a highly recurring revenue generator), we achieved key customer (key customers are customers contributing to over 1% of our revenue from sales of lithium-ion battery anode material products in a certain year/period) retention rates of approximately 95.5%, 91.7%, 94.1% and 100.0% in each of 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

BUSINESS

We consider our rich product portfolio that effectively meets customer needs across diverse application scenarios, our product quality, customer service and stable supply contributed to our good relationship with existing customers. In addition, we have specifically adopted the following customer maintenance measures to guarantee and improve customer stickiness:

- Regular customer communications mechanism: Our technical and sales teams regularly visit customers together, so as to collaborate and better understand the customers’ demand and optimize product planning. For example, in 2023, based on in-depth discussions with a major customer in the industrial control sector, we developed a targeted next-generation, high-reliability MCU product. This product has now passed customer validation and entered small-batch trial production.
- Timely and effective technical support to customers: We are committed to building a professional and responsive technical support system. We have established a professional technical support team that can provide different levels of service, ranging from standard problem solving to in-depth joint development, depending on the complexity of customer needs. This model ensures that resources are efficiently allocated depending on the actual customer demand to ensure both major customers and vast end customers can receive timely and effective technical support.

Looking forward, we will continue to deepen our customer-centric business strategy by establishing a more efficient customer demand feedback mechanism, accelerating the development cycle of customized products and supply chain response. We believe this will further strengthen our relationships with existing customer, enhance the value of customers throughout their life cycle, and provide a stable foundation for continued revenue growth.

(3) Actively developing new customers in China and overseas markets

During the Track Record Period, we employed a sales approach that combines distribution and direct sales. Chip products are primarily distributed through distributors, leveraging distributors’ resources to stay aligned with market trends, develop high-quality customer, and ensure rapid delivery, thereby mitigating financial risks and operational management pressures. Lithium-ion battery anode materials are marketed directly, primarily because lithium-ion battery anode materials are key staple materials in the production of lithium-ion battery plants, who are our major downstream customers and market participants in this industry are highly concentrated. The customer acquisition measures primarily included:

- Under the distribution model, we systematically developed new distributor partners through various channels, such as actively participating in major domestic and international industry exhibitions (such as the China Electronics Show and the Munich Electronics Show) to connect with potential partners, identifying and evaluating distributors with strong channels and qualifications in target regions such

BUSINESS

as Southeast Asia and Europe (e.g., Japan, South Korea, and India) based on our marketing strategy, and establishing mutually beneficial partnerships by offering competitive terms, technical support, and marketing support.

- Under the direct sales model, we directly acquired new customers primarily through (i) customer referrals, (ii) attending activities, exhibitions and conferences, and (iii) direct marketing efforts, among others.

Looking forward, we will continue to actively acquire new customers through diversified sales channels, such as participating in industry exhibitions and technical forums, directly reaching out to potential customers and referrals from existing customers.

Furthermore, since 2024, we have been putting more efforts on expansion into overseas market, including continuously improving overseas marketing and service systems, to increase overseas market presence. We participated in renowned international industry exhibitions, including Munich Electronica and India Electronica, and have formed collaborations with local partners to conduct targeted promotional tours and workshops in Southeast Asia to enhance brand awareness and attract customer attention. Regarding sales strategy, we will primarily expand its overseas sales through distributors, as leveraging the established marketing networks of local distributors is currently more efficient. To date, we have established partnerships with 11 distributors in countries and regions including Japan, South Korea, Taiwan, India, and Europe, which have started generating revenue from local markets. We have also gained customer recognition in Finland, France, Japan, South Korea, and the United States, with some projects already entering mass production or product development. We anticipate to achieve scaled sales in these countries and regions over the next few years.

Control cost of sales and operating expenses, improving operational efficiency, so as to further improve gross profit margin and net profit margin

During the Track Record Period, in order to cope with the impact of declining market demand and prices, we implemented a number of measures to control operating costs, primarily including actively seeking suppliers with more competitive prices and continuously optimizing the negative electrode material production process. Benefiting from the above measures, subsequent to the decrease of gross profit margin in 2023, our gross profit margin increased to 20.2% (before write-down of inventories) in 2024 (gross profit margin after write-down of inventories was 15.6%), and slightly decreased to 19.6% (before write-down of inventories) in the nine months ended September 30, 2025 (gross profit margin after write-down of inventories was 19.1%).

In addition, we maintained a high operating efficiency during the Track Record Period, with our operating expenses ratio (dividing the sum of selling, administrative and research and development expenses by revenue) continuing to decline, being 43.1%, 42.8%, 33.7% and 24.1% in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Looking forward, we plan to maintain and optimize our operational efficiency by (i) continuing the implementation of our cost-effective customer acquisition strategy and enhancing existing

BUSINESS

customer loyalty and customer value, (ii) continuing our stringent control over administration expenses, and (iii) focusing our R&D resources on products that align with or lead market trends based on in-depth studies of customer needs and market analysis.

Regardless of the expectation that the prices of chip products and lithium-ion battery anode material products will rebound in the future, we plan to continue to implement and continuously optimize and adjust the above-mentioned cost-cutting and efficiency-enhancing measures to achieve a turnaround from losses to profits.

(1) Continue to control cost of sales to enhance gross profit and improve gross profit margin

(a) Chip products business line

We will continue to optimize procurement processes, continuously improve supplier and procurement management systems, and expand supplier groups to enhance bargaining power and reduce external procurement costs. We also expect to reduce chip testing costs by optimizing test solutions (eliminating redundant testing, implementing parallel multi-site testing), improving test efficiency, shortening test cycles, and optimizing data analysis. Benefiting from the above measures, in 2024, the average purchase price of wafers for chip product business line decreased by approximately 3% to 10% compared with the previous year, the average price of packaging decreased by approximately 3% to 5%, and the average price of testing decreased by approximately 5% to 10%. We expect to maintain or improve our gross profit margin by leveraging such measures in the future.

Furthermore, our product mix adjustment strategy, i.e. gradually expanding into high-margin, high-end products and application areas, is expected to gradually improve our overall gross profit margin. During the Track Record Period, we had expanded our business into the industrial control sector, such as servo drives and inverters, the unit price of which is generally 10% to 20% higher than that of consumer electronics products on average. Our strategy of capturing the low-end market will also improve our profitability in the next few years, primarily due to the following: (i) despite the lower gross profit margin per product in the low-end market (approximately 10% to 20%), the large sales volume (targeting annual sales of over 100 million units in the low-end market) will bring economies of scale and reduce unit fixed costs; and (ii) more significantly, the considerable sales volume will also provide us with more bargaining power with upstream wafer foundries and packaging and testing service providers, thereby reducing production costs and improving overall profitability.

(b) lithium-ion battery anode material products business line

We primarily reduced our costs through raw material procurement cost reduction, process optimization (continuous graphitization technology), raw material formulation upgrades (using low-cost alternatives while maintaining product quality comparable to premium materials), and

BUSINESS

equipment upgrades. Benefiting from these measures, we achieved a significant year-on-year decrease of approximately 34% in the unit production cost of its negative electrode materials in 2024. We expect to continue to implement these measures to strengthen cost control.

(2) Continue to control operating expenses, narrow losses and achieve net profits

(a) Selling expenses

Our customer acquisition methods primarily include: under distributorship model, participation in industry exhibitions and targeted development in target regions to develop new distributors; and under direct sales model, (i) customer referrals; (ii) participation in events, exhibitions and conferences; and (iii) direct marketing efforts to acquire new customers. We consider these customer acquisition strategies to be cost-effective because (i) leveraging word-of-mouth marketing from existing customers incurs minimal additional sales and marketing costs, yet boasts a high customer conversion rate, making customer referrals significantly cost-effective as compared to traditional methods such as hiring expert spokespeople or hosting large-scale product launches; (ii) participation in selective events and industry exhibitions to develop distributors or direct customers is a precise and focused customer acquisition method. We can reach a large number of target customers at once, with controllable investment and clear returns. This is far more efficient than advertising on mass media; and (iii) direct sales activities involving our engineers, especially with key customers, help us quickly understand customer needs. It enhances the communication efficiency while reducing sales and marketing expenses as compared with sales through BD service providers. Benefiting from these diversified customer acquisition methods, our selling expenses ratio (dividing selling expenses by revenue) continued to decline throughout the Track Record Period, from 5.2% in 2022 to 4.2% in 2023 and further to 3.8% in 2024, and further to 3.5% in the nine months ended September 30, 2025.

We do not anticipate significant changes in our marketing strategies over the next few years. We also expect to continue to utilize the deployed customer relationship management (CRM) system to systematically track and manage the entire process from initial contact to contract signing with potential customers, which will help us identify problems in the sales process and enhance the resource allocation and efficiency of sales activities.

Furthermore, we focus not only on developing new customers but also on maintaining strong relationships with existing ones. By improving customer service, expanding product offerings, and promoting cross-selling, we are committed to enhancing existing customer loyalty and customer value so as to drive revenue growth with lower marginal sales and marketing costs.

BUSINESS

(b) Administrative expenses

During the Track Record Period, we maintained stringent control over administrative expenses. We have controlled our administrative team of a reasonable size through optimization of organizational structure. Our expenses incurred in daily administrative activities have been under stringent control by rigid budget constraints and refined management of business travel. Meanwhile, we have also negotiated contract terms with our suppliers for more favorable prices, integrating office space and reducing redundant areas, so as to enhance our administrative expenses efficiency. Our administrative expenses/revenue ratio was 13.2%, 11.2%, 13.9% and 8.0% in each of 2022, 2023, 2024 and the nine months ended September 30, 2025. We expect to continue this strategy going forward, improving management efficiency and prudently increasing administrative expenses as our business expands.

(c) R&D expenses

We have been investing in technological R&D, and closely track and anticipate industry development trends to maintain our technological capabilities. In the future, we expect to develop new products and iterate our existing products to capture the market opportunities and improve our gross profit margin. See “Future Plans and [REDACTED]” for details. Therefore, we expect to continue to incur significant R&D expenses in the next few years. Nevertheless, as we continue to maintain our in-depth insights into customer needs and conduct up-to-date market analysis, we expect to efficiently transform technological innovations into new products that align with or even lead market trends. These products will not only enhance market competitiveness but will also significantly enhance our overall profitability, thereby achieving high R&D cost efficiency. For chip products business, we intend to focus our resources on the research and development of high-performance MCUs, multi-protocol communication chips, specialized market chips, and automotive-grade chips to meet high-end application demands. For lithium-ion battery anode material products business, we expect to focus our resources on the research and development of premium anode materials, including ultra-fast-charging graphite anode (8C+), ultra-long-cycle anode (15,000+ cycles), silicon-carbon anode (high energy density), and hard carbon anode.

BUSINESS

Further improve operating cash flow by further accelerating inventory turnover, strengthening the collection of trade receivables, and optimizing trade payables management

In addition to taking the above measures to achieve break-even at the net profit level, we have also been continuously improving our operating cash flow to maintain business sustainability by:

- further improving inventory management. We have implemented effective inventory management measures and developed procurement plans based on definite and binding delivery schedules in purchase orders or sales agreements. The inventory turnover days were 295 days, 277 days, 230 days, and 223 days in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively, generally showing a gradually declining trend. Looking forward, we will continue to adhere to our existing inventory management measures and expect to further improve inventory management by prioritizing the utilization of existing inventory and closely monitoring the market prices of key raw materials to facilitate more efficient procurement plans;
- further improving trade receivables management. During the Track Record Period, we typically granted credit terms to its customers ranging from 0 to 120 days. Our trade receivables turnover days remained relatively stable, being 65 days, 79 days, 75 days, and 81 days in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. We will continue to carefully assess the recoverability of our trade receivables, taking into account factors including, but not limited to, our customers’ ongoing operating results and financial condition, their expected near-term operating results and financial condition, their plans to repay the corresponding trade receivables, and the results of negotiations such customers. We will also continue to proactively communicate with customers regarding the collection of trade receivables; and
- further improve trade payables management. The trade payables turnover days increased during the Track Record Period, from 69 days in 2022 to 73 days in 2023, and further to 109 days in 2024, and increased to 165 days for the nine months ended September 30, 2025. This was primarily due to longer credit terms we obtained after negotiations with suppliers. We will continue to consider credit terms as a factor in selecting suppliers going forward.

In addition to the aforementioned measures, we consider our cost management and stringent control of operating expenses will also improve our efficiency in the utilization of working capital and in turn contribute to improved working capital sufficiency. As mentioned above, we are committed to optimizing cost structure and control of expenses through various measures. During the Track Record Period, driven by the revenue growth and through working

BUSINESS

capital management, we recorded decreased net cash used in operating activities, being RMB640.7 million, RMB122.4 million, RMB121.3 million, RMB182.3 million and RMB49.7 million in 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively.

Leveraging positive market changes and encouraging policies

While the chip products market and the lithium-ion battery anode material market have both experienced a relatively long downward cycle, after market supply and demand re-balancing, we are optimistic about the future growth prospects of the two industries. According to CIC, the government has also continuously introduced favorable policies that are conducive to the stable development of the market.

The table below lists relevant policies that are favorable for stabilizing the development of the market.

Year	Name	Institution	Relevant Statements
2020.	the Policy on High-Quality Development of the Integrated Circuit and Software Industries	State Council of the PRC	grants preferential tax treatment—including corporate income tax exemption or reduction for 2–5 years—and import duty exemptions to qualified IC design and manufacturing firms, along with enhanced R&D super-deductions.
2020.	The New Energy Vehicle Industry Development Plan (2021–2035)	State Council of the PRC	highlights the need to accelerate the battery industry by boosting energy density, improving cycle life and safety, reducing costs, and strengthening supply-chain autonomy. As the industry’s primary anode material, artificial graphite—valued for its electrical conductivity and cycling stability—is identified as a strategic focus area.
2023.	2023–2024 Action Plan for Stabilizing Growth in the Electronic Information Manufacturing Industry	The Ministry of Industry and Information Technology; the Ministry of Finance	encourages the steady expansion of production capacity and enhancement of domestic supply capabilities of electronic components industry—including MCUs.
2023.	Measures for Promoting the High-Quality Development of the New Energy Vehicle and Intelligent Connected Vehicle Industries in Shenzhen	Industry and Information Technology Bureau of Shenzhen Municipality	focuses on encouraging independent MCU R&D and technological upgrades

BUSINESS

Year	Name	Institution	Relevant Statements
2024.	The Lithium Battery Industry Regulatory Conditions (2024 Edition)	the Ministry of Industry and Information Technology (MIIT)	requires artificial graphite anode materials to have a minimum specific capacity of 340mAh/g. This is the first time performance metrics are set as entry criteria. The policy aims to eliminate low-end capacity and promote high-energy-density anode material development, boosting industry technology and competitiveness.
2025.	Administrative Measures for the First Engineering Tape-Out Recognition of Integrated Circuit Enterprises in Hunan Province	Industry and Information Technology Department of Hunan Province	focuses on encouraging independent MCU R&D and technological upgrades
2025.	Technical Requirements and Test Methods for Light-Duty Vehicle Automatic Emergency Braking Systems (AEBS)	Ministry of Industry and Information Technology of the PRC	Mandatory AEBS installation in passenger/light commercial vehicles; requires recognition of pedestrians/bicycles; drives demand for high-reliability automotive MCUs; phases out low-end chips failing functional safety standards.

Beyond formal policies above, in recent years, the Chinese government has promoted anti-“involution” policies targeting 2025, focusing on curbing inefficient production capacity and disorderly competition to foster high-quality industrial development. These measures encourage the MCU industry to concentrate on technological innovation, eliminate low-end capacity, and advance the development of automotive-grade products. Meanwhile, the lithium battery anode materials sector is required to enhance performance standards for artificial graphite, promote green manufacturing and recycling, strengthen industry concentration and supply chain security, and reduce reliance on imports. These efforts help both industries optimize their structures, improve competitiveness, and move toward sustainable, high-quality growth.

Based on the above, we believe that a favorable regulatory environment and favorable market trend will further promote our growth in sales and financial results in the long run.

DESIGN, RESEARCH AND DEVELOPMENT

We consider that we possess in-depth knowledge of the technical specifications and features, functionalities and applications of chip products as well as lithium-ion battery anode materials, based on which we perform day-to-day design and R&D activities. Our design and R&D are carried out as a project group effort in close collaboration between our different teams. Our sales and marketing team is responsible for the initial conceptualization of product candidates, which is typically derived from in-house ideas as well as collaboration with our business partners who are deeply rooted in the industry and closer to downstream customers. Through these partners, we are able to acquire first-hand market information and quickly respond to the demand of downstream customers. Our chips products R&D team, comprising

BUSINESS

digital and analog IC design departments and foundational technologies R&D department, is responsible for the design and verification of chip products. Our lithium-ion battery anode materials R&D team has a R&D and testing center dedicated to the development of lithium-ion battery anode materials.

Our R&D department consists primarily of the product planning department and the product R&D department. Guided by our business strategy, our R&D team conducts technical feasibility studies and develops new products by aligning market demand with the company’s resources. Typically, a project is primarily driven by product planning and a thorough analysis of customer requirements. Once initiated, it enters a structured development process within the company. Depending on the specific product, this initial stage encompasses requirement formulation, system design, specification definition, and R&D practice. As the project progresses, it may be further divided into distinct phases, such as subsystem design, code development, and physical experimentation. Each phase is designed to ensure that all technical aspects are thoroughly addressed and refined. Upon completing the front-end design, we transition to production. During this phase, product testing is conducted following the development process to ensure quality and functionality. After sample testing is finalized, a small batch of products will be produced. This allows for validation of performance and identification of any potential issues before scaling up to full production. Ultimately, this comprehensive approach aims to establish a closed loop for the entire R&D cycle, ensuring that each stage is meticulously executed to meet customer expectations and deliver high-quality products.

We sometimes outsource certain R&D tasks to third-party specialist service providers to enhance product features and accelerate development cycle. Our engagement of such providers are product-based, with us providing the required specifications of the end product and the relevant provider performing product development and testing. Set out below is a summary of the salient terms of the typical R&D service agreements:

- *Obligations of service provider.* Service providers are required to deliver products in accordance with the specifications stipulated in the service agreements.
- *Payment.* Fixed payments will be made in accordance with development milestones.
- *Delivery.* The service provider is required to deliver product in accordance with the development schedule.
- *IP.* IP rights are jointly owned us and the developer.
- *Dispute resolution.* Disputes may either be adjudicated by court or by arbitration, depending on the service provider.

BUSINESS

Our R&D Team

Development of our various products require excellent design capabilities and sufficient experience along with a thorough, in-depth and systematic understanding of products and functionalities. We are supported by a robust R&D team of 283 dedicated employees, who are primarily located in Shenzhen, Singapore, Beijing, Shanghai, Xi'an and Wuhan as of September 30, 2025, many of whom are engineers with profound expertise in technology and material innovation, with over 86% of them hold a bachelor's degree or above and over 27% of them hold a master's degree or above. As of September 30, 2025, our R&D team bring an average of 12 years of work experience and five years of tenure with our Company.

Our R&D team members receive on-the-job training to keep abreast with new technological trends. Further, we occasionally invite industry experts from external institutions to provide advisory insights for our R&D teams. We also exchange ideas and thoughts on R&D progress or latest market trends by attending industry forums. We consider our communication with industry experts and participation in industry events helpful to our R&D activities.

Key R&D initiatives

The table below sets forth our key R&D initiatives, including the development timeline and the end results we expect to achieve:

Research Project	Expected Commencement Date	Expected Tape- out Date	Expected Sample Testing Date	Expected Sales Commencement Date	Expected Mass Production Date	Research Goal
High-performance MCU 1 . . .	2026	2027	2027	2027	2028	To enhance our research and development capabilities, develop new product lines and improve product performance including our high-performance MCUs, multi-protocol communication chips, specialized market chips and automotive-grade chips. Such products are expected to have (i) higher main frequency with built-in proprietary vector computing unit that supports edge AI computing applications such as robotics, (ii) better communication capabilities to support industrial uses, and/or (iii) better security functions.
High-performance MCU 2 . . .	2027	2028	2028	2029	2029	
Multi-protocol communication chip.	2027	2027	2028	2028	2029	
Specialized market chip . . .	2027	2027	2028	2028	2029	
Automotive-grade chip. . .	2028	2029	2029	2030	2031	

BUSINESS

Research Project	Expected Commencement Date	Expected Tape- out Date	Expected Sample Testing Date	Expected Sales Commencement Date	Expected Mass Production Date	Research Goal
Existing MCU product 1 . . .	2026	2026	2027	2027	2027	To upgrade our existing product portfolio. In particular, we intend to improve the existing products and IP modules (such as ADC, DAC, HSI and other analog IP modules) to reduce power consumption, optimize backend processes and decrease size of the IP modules.
Existing MCU product 2 . . .	2027	2027	2028	2028	2028	
Existing MCU product 3 . . .	2028	2028	2029	2029	2029	
Existing MCU product 4 . . .	2029	2029	2030	2030	2030	
Existing MCU product 5 . . .	2030	2030	2031	2031	2031	

We intend to fund the above R&D initiatives by using net [REDACTED] of the [REDACTED] as well as cash generated from operations, bank loans and other borrowings, as necessary.

We believe that we will be able to capture the market demand because our design and R&D are carried out as a project group effort in close collaboration between our different teams. The Our sales and marketing team is responsible for the initial conceptualization of product candidates, which is typically derived from in-house ideas as well as collaboration with our business partners who are deeply rooted in the industry and closer to downstream customers. From these partners, we are able to acquire first-hand market information and quickly respond to the demand of downstream customers. We will also continue to invest resources in technology R&D and closely track and anticipate the industry’s development trends to maintain our technical capabilities. See “— Business Sustainability.”

PROCUREMENT

Chip Products

We operate with a fabless model in order to optimize our IC design capabilities. Fabless is a typical operation model adopted by many IC design companies. Unlike the IDM model where companies perform design, manufacturing, packaging and testing of chip products, companies operating with a fabless model focus on product design, and outsource the IC manufacturing to foundries. The fabless model allows us to maximize our design resources and capabilities with reasonable and efficient capital commitment.

During the Track Record Period, we primarily procured (i) foundry-manufactured wafers with completed built-on circuits designed by us, and (ii) chip packaging and testing services. Our procurement team is mainly responsible for formulating procurement plans based on the requests raised by our sales and marketing team and R&D team, and liaising with our suppliers, placing procurement orders and following up on deliveries.

BUSINESS

Our procurement process generally includes three phases, namely, formulation of procurement plan, manufacturing of products, and delivery and inspection.

- *Formulation of procurement plan.* The sales and marketing team determines the budget plan based on market demand and sales forecasts, the R&D team formulates the tape-out technology plan based on product design requirements, and the procurement team considers such information in light of inventory status and supply chain conditions to formulate an overall procurement plan.
- *Manufacturing of products.* We place orders with wafer foundries according to the procurement plan, and the foundries complete the manufacturing of the wafers according to our design specifications and technical requirements. The wafers that have been manufactured and tested will be delivered to our designated third-party packaging manufacturers. We then engage the packaging manufacturers to complete the chip packaging process according to the specific product requirements of the customers.
- *Delivery and inspection.* We usually require the packaging manufacturers to deliver the packaged wafers directly to our designated third-party testing service providers, and then a professional team will conduct comprehensive quality inspection and chip electrical testing.

Lithium-ion Battery Anode Materials

With respect to our lithium-ion battery anode materials business, we make our production plans based on anticipated sales and procure raw materials based on our production plans. We primarily procure coke products, electricity and graphite crucibles for the production of lithium-ion battery anode materials.

Our procurement center tracks the market prices of raw materials in real time. When there is price fluctuation, we will formulate emergency procurement plans based on market trends and procure strategic inventory reserves to control production costs.

Electricity is the main energy source for the lithium-ion battery anode materials production process, which has a long power transmission cycle and high temperature requirement. Stable power supply is crucial to our lithium-ion battery anode materials production. As a large power user, we signs annual power supply contracts with the local power supply bureau to procure electricity.

Graphite crucible is a bulk consumable and the main auxiliary material in the graphitization process. We conducts comprehensive review of suppliers based on quality, price, credit terms, after-sales and other dimensions to determine a list of qualified suppliers.

BUSINESS

OUR SUPPLIERS

Our suppliers primarily include companies with business operations in R&D, manufacturing or sales of wafers and relevant components and devices, packaging and testing, as well as utility providers and suppliers of raw materials for lithium-ion battery anode material production such as needle coke and petroleum coke. In each year/period during the Track Record Period, our purchases from each of our five largest suppliers accounted for 56.3%, 41.7%, 44.3% and 53.4% of our total purchases in each of 2022, 2023 and 2024 and nine months ended September 30, 2025, respectively, while our purchase from the largest supplier in each year/period accounted for 30.0%, 15.3%, 12.7% and 14.5% of our total purchases, respectively, for the same year/period. During the Track Record Period, our suppliers generally granted us a credit term of 0 to 90 days.

The following tables set out the details of our five largest suppliers in each year/period based on purchases from them during the Track Record Period:

For the year ended December 31, 2022

<u>Ranking</u>	<u>Supplier</u>	<u>Nature of Purchase</u>	<u>Year of commencement of business relationship with us</u>	<u>Credit Period</u>	<u>Purchase amount</u> (RMB'000)	<u>Percentage of total purchase</u>
1	Supplier A ⁽¹⁾	Wafer	2003	0-30 days	373,761	30.0
2	Supplier B ⁽²⁾	Wafer	2002	60 days	114,573	9.2
3	Supplier C ⁽³⁾	Utility	2016	0 day	101,247	8.1
4	Supplier D ⁽⁴⁾	Auxiliary materials	2021	90 days	61,076	4.9
5	Supplier E ⁽⁵⁾	Packaging and testing	2007	60 days	51,227	4.1
Total . .					<u>701,884</u>	<u>56.3</u>

BUSINESS

For the year ended December 31, 2023

<u>Ranking</u>	<u>Supplier</u>	<u>Nature of Purchase</u>	<u>Year of commencement of business relationship with us</u>	<u>Credit Period</u>	<u>Purchase amount</u>	<u>Percentage of total purchase</u>
						(RMB'000)
1	Supplier C	Utility	2016	0 day	102,633	15.3
2	Supplier A	Wafer	2003	0-30 days	69,862	10.4
3	Supplier F ⁽⁶⁾	Raw materials	2021	0 day	43,204	6.5
4	Supplier G ⁽⁷⁾	Raw materials	2021	0 day	35,031	5.2
5	Supplier B	Wafer	2002	60 days	28,958	4.3
Total . .					<u>279,688</u>	<u>41.7</u>

For the year ended December 31, 2024

<u>Ranking</u>	<u>Supplier</u>	<u>Nature of Purchase</u>	<u>Year of commencement of business relationship with us</u>	<u>Credit Period</u>	<u>Purchase amount</u>	<u>Percentage of total purchase</u>
						(RMB'000)
1	Supplier C	Utility	2016	0 day	113,913	12.7
2	Supplier B	Wafer	2002	60 days	87,850	9.8
3	Supplier A	Wafer	2003	0-30 days	72,494	8.1
4	Supplier H ⁽⁸⁾	Utility	2022	0 day	62,404	7.0
5	Supplier E	Packaging and testing	2007	60 days	59,481	6.7
Total . .					<u>396,142</u>	<u>44.3</u>

BUSINESS

For the nine months ended September 30, 2025

Ranking	Supplier	Nature of Purchase	Year of commencement of business relationship with us	Credit Period	Purchase amount	Percentage of total purchase
					(RMB'000)	
1.	Supplier A	Wafer	2003	0-30 days	103,411	14.5
2.	Supplier H	Utility	2022	0 day	95,772	13.4
3.	Supplier B	Wafer	2002	60 days	87,276	12.2
4.	Supplier C	Utility	2016	0 day	55,372	7.4
5.	Supplier E	Packing and testing	2007	60 days	40,701	5.7
Total . .					<u>382,532</u>	<u>53.4</u>

- (1) A major international semiconductor manufacturing company founded in 1987 and headquartered in Taiwan, providing integrated circuit wafer foundry and related services
- (2) A major semiconductor manufacturer founded in 1997 and headquartered in Shanghai, providing integrated circuit wafer foundry and related services
- (3) The Hohhot, Inner Mongolia branch of a major state-owned enterprise established in 1958, providing power supply, grid operation and maintenance, and power sales services
- (4) A private enterprise founded in 2018, headquartered in Jilin and mainly engaged in graphite and carbon product related businesses
- (5) A semiconductor service provider founded in 2003, headquartered in Gansu and mainly engaged in integrated circuit packaging and testing business
- (6) A private enterprise founded in 2009, headquartered in Beijing and mainly engaged in the research and development, production and sales of petrochemical products, including lubricants, fuel oil and other chemical raw materials
- (7) A joint-stock enterprise founded in 2012, headquartered in Shandong and mainly engaged in the research and development, production and sales of high-end carbon materials
- (8) A major state-owned enterprise founded in 2002 and headquartered in Hubei, providing power supply, grid operation and maintenance, and power sales services

We acquainted our five largest suppliers in each year/period through direct marketing efforts.

BUSINESS

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year/period were Independent Third Parties. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest suppliers during the Track Record Period and us, our Directors, shareholders or senior management, or any of their respective associates.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contracts on the part of our suppliers, or delay in delivery of our orders from our suppliers.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned suppliers.

To the best of our Directors’ knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers in each year/period as of the Latest Practicable Date.

Key Terms of Procurement Agreements with Suppliers

We have entered into legally binding framework agreements as well as one-off purchase agreements with our suppliers. Set out below is a summary of the salient terms of the typical purchase agreements with our suppliers (including suppliers of raw materials, foundry services and packaging and testing services).

- *Obligations of suppliers.* Suppliers are required to deliver products in accordance with the specifications stipulated in the purchase agreements.
- *Pricing.* The unit price of the products is specified in the sales framework agreements or the individual purchase agreements.
- *Delivery.* The locations, delivery date and manner of delivery are specified in the agreements.
- *Product return.* Products may be returned if there are quality problems.
- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during our agreement term, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to sue.

Our framework agreements with our suppliers generally do not contain any capacity reservation clause and the purchase volume are usually stipulated in individual purchase orders. Agreements in general can be terminated by the non-defaulting party in case of a party’s default or by the parties’ mutual consent.

BUSINESS

SALES, MARKETING AND DISTRIBUTION OF OUR PRODUCTS

We market our products through our sales and marketing team, who is responsible for identifying suitable potential markets and customers. Our dedicated sales and marketing team is responsible for formulating and coordinating marketing activities and promotion campaigns. Our sales and marketing members are equipped with knowledge and expertise about our products, and are able to identify the requests of downstream customers and provide technical support. They stay abreast of emerging products and technologies that appeal to our existing and potential customers and provide our customers with pre-sale consultations and recommendations tailored to their needs. As of September 30, 2025, our sales and marketing team consisted of 54 members who worked closely with other teams as well as our distributors to execute our marketing strategies. For the years ended December 31, 2022, 2023 and 2024, our selling expenses were RMB61.8 million, RMB43.6 million, and RMB43.8 million, respectively, accounting for 5.2%, 4.2%, and 3.8%, respectively, of our revenue for the corresponding periods. For the nine months ended September 30, 2024 and 2025, our selling expenses were RMB28.3 million and RMB33.7 million, respectively, accounting for 3.4% and 3.5%, respectively, of our revenue for the corresponding periods.

On the marketing front, we employ an approach that combines distribution and direct sales. Chip products are primarily distributed through distributors, leveraging distributors’ resources to stay aligned with market trends, develop high-quality customer, and ensure rapid delivery, thereby mitigating financial risks and operational management pressures. Lithium-ion battery anode materials are marketed directly, primarily because lithium-ion battery anode materials are key staple materials in the production of lithium-ion battery plants, who are our key downstream customers and market participants in this industry are highly concentrated.

Our Distribution Channels

During the Track Record Period, we primarily sold our chip products through third-party professional distributors. After purchasing the products from us, our distributors may at their discretion perform onward sales to their respective customers. Our distributors primarily engage in distribution and sales of semiconductors and modular circuits and provision of industry solutions. For details of the principal businesses of our major distributors during the Track Record Period, see “— Our Customers.” For the years ended December 31, 2022, 2023, 2024 and for the nine months ended September 30, 2025, our total sales to distributors amounted to RMB339.2 million, RMB331.5 million, RMB475.3 million and RMB419.6 million, respectively, accounting for 28.4%, 32.0%, 40.7% and 43.8%, respectively, of our revenue (or 74.0%, 79.5%, 85.5% and 90.5% of our revenue from the sales of chip products) for the corresponding periods.

BUSINESS

Distributors Management

We consider a number of factors in selecting distributors, including their brand and reputation in the relevant industry, their overall business management and financial performance, and their warehousing and logistics capabilities. We usually have sales target for our distributors and may consider terminating distributorship if the relevant distributor fails to meet such sales target and has no effective improvement plan. According to CIC, our distributorship model is in line with industry norm.

We sell our chip products to our distributors according to the terms in our distribution agreements with the purchase amounts as specified in purchase orders based on the demand of our distributors. For details of the salient terms of such distribution agreements with our distributors during the Track Record Period, see “— Our Customers — Key Terms of Distribution Agreements.” Our products are physically delivered to the distributors when they make purchases from us. The revenue is recognized when the distributors take possession of and accept the products. During the duration of our distribution agreements, our distributors are generally not allowed to return any unsold products to us. Our distributors may negotiate with us on return and indemnification of defective products due to our faults according to relevant laws and regulations, in line with the industry norm.

All of our distributors are our customers and we maintain a buyer/seller relationship with them. Though our distributors maintain a “buy-out” model with us, we are able to monitor our distributors’ inventory level, as agreed by our distributors. As part of our distributor management policy, we maintain regular communication with our distributors, and raise periodic requests to our distributors to provide sales reports for us to acknowledge their inventories and sales targets. In addition, along with the sales of chip products, we provide technical support to downstream customers, especially during their processes. Our value-added services effectively support our downstream customers’ business operations, and thus solidify our competitiveness. During the Track Record Period, to the best knowledge of our Directors, there was no material channel stuffing issue and cannibalization risks among our distributors as a result of their “buy-out” model with us.

BUSINESS

To the best of our knowledge, all of our distributors are Independent Third Parties. The distributors are not connected to any of the Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates. We did not have any sub-distributor during the Track Record Period.

The below table sets forth the movement of our distributors during the Track Record Period.

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Number of distributors at the beginning of the period	50	68	70	68
Number of new distributors for the period	26	15	2	16
Number of terminated distributors for the period	8	13	4	10
Net increase (or decrease) in number of distributors for the period	18	2	(2)	6
Number of distributors at the end of the period	<u>68</u>	<u>70</u>	<u>68</u>	<u>74</u>

In general, we maintain good business relationship with our current distributors during the Track Record Period. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, we engaged 26, 15, 2 and 16 new distributors respectively. We stringently review our business relationship with distributors through periodic assessment. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, we terminated business relationship with 8, 13, 4 and 10 distributors, respectively, primarily due to their unsatisfactory sales performance which failed to meet the criteria of our evaluation.

Through our distribution channels, we are able to focus on the design aspects of chip products and optimize our design capabilities. Going forward, we aim to attract and establish long-term business relationship with new distributors by expanding our sales and marketing team, participating in industry exhibitions, strengthening our brand promotion, providing sufficient technical support and after-sales services, and collaborating with top market players in the industry. We also plan to continuously improve the abilities of our in-house sales and marketing team members.

BUSINESS

Subsequent Sales of Our Products to Downstream Customers

Our distributors primarily sell our products to their respective customers from consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics industries, for direct use in such downstream customers’ end products.

Key Terms of Distribution Agreements

We have entered into typical framework distribution agreements with our distributor customers. The key terms and conditions of our framework distribution agreements with our distributor customers are summarized as follows:

- *Purchase amount.* The purchase amount is specified in purchase orders.
- *Selling prices.* The prices of our products are specified in purchase orders.
- *Business model.* The distributor customers and us operate under the “purchase and resell” model. The distributor customers pre-order the products and resell them to downstream customers who need to be acknowledged and approved by us in advance, and the distributor customers pays us for the required products in the agreed manner.
- *Obligations of each party.* We deliver the products in the manner agreed upon in each purchase order, and furnish them with the current price and product information. We ensure that the products fully comply with the technical specifications we have established. Our distributor customers use their best efforts to promote the distribution of our products. Our distributor customers are obligated to inspect the materials upon the arrival of the products at the warehouse or designated location. Our distributor customers are required to comply with the distributor management approach developed and implemented by us.
- *Risk allocation.* Control of the products shall be passed to our distributor customers upon its issuance of a signed receipt of the products to us. The risk of damage to, or loss of, the products shall be borne by our distributor customers upon receipt of the proof of delivery.
- *Warranty and product return.* Depending on the type of products, warranty term may range from 90 days to 24 months, effective from the receipt of the delivery. Our distributor customers may deliver the defective products to our designated locations for our detection and analysis, and we shall repair or replace the defective products if the issues are confirmed to have arisen from our reasons.

BUSINESS

- *Confidentiality.* Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party without the prior written consent of the other party.
- *Renewal and termination.* Our framework distribution agreements with our distributor customers typically will have an initial term of two years and will be automatically renewed, unless either party intends to terminate by giving prior written notice before the agreement expires. The framework distribution agreement may be terminated (i) by either party by giving prior notice, typically four months; (ii) by the non-defaulting party in the event of a material breach; and (iii) in the event of a force majeure.
- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during the term of the framework distribution agreements, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to submit the dispute to the court of relevant jurisdiction.

Our Direct Sales

Under our direct sales model, we directly acquire new customers primarily through (i) customer referrals, (ii) attending activities, exhibitions and conferences, and (iii) direct marketing efforts, among others. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our direct sale revenue amounted to RMB856.2 million, RMB705.3 million, RMB692.3 million and RMB527.8 million, respectively, accounting for 71.6%, 68.0%, 59.3% and 55.1%, respectively, of our total revenue for the corresponding periods.

Our direct sale customers under our chip products business line are primarily in financial payment and trusted computing sectors. Their businesses include computer and network device manufacturing, cloud computing and other IT services. Our direct sale customers under our lithium-ion battery anode materials business line procure our products for the manufacturing of power batteries, energy storage batteries and consumer batteries.

We consider it critical to diversify our revenue stream and plan to deepen our collaboration with existing direct sale customers and attract and establish long-term business relationship with new direct sale customers in the near future.

The salient terms of our standard direct sales agreements in connection with chip products during the Track Record Period are set out below:

- *Purchase amount.* The purchase amount is specified in purchase orders.
- *Selling prices.* The prices of our products are specified in purchase orders.
- *Payment terms:* Payment is usually due before the products are dispatched, unless otherwise agreed with the customer.

BUSINESS

- *Obligations of each party.* We deliver the products in the manner agreed upon in each purchase order, and furnish them with the current price and product information. We ensure that the products fully comply with the technical specifications we have established. Our customers are obligated to inspect the materials upon the arrival of the products at the warehouse or designated location.
- *Risk allocation.* Control of the products shall be passed to our customers upon its issuance of a signed receipt of the products to us. The risk of damage to, or loss of, the products shall be borne by our customers upon receipt of the proof of delivery.
- *Warranty and product return.* Depending on the type of products, warranty term may range from 90 days to 24 months, effective from the receipt of the delivery. Our customers may deliver the defective products to our designated locations for our detection and analysis, and we shall repair or replace the defective products if the issues are confirmed to have arisen from our reasons.
- *Confidentiality.* Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party without the prior written consent of the other party.
- *Renewal and termination.* Our framework sales agreements with our customers typically will have an initial term of two years and will be automatically renewed, unless either party intends to terminate by giving prior written notice before the agreement expires. The framework sales agreement may be terminated (i) by either party by giving prior notice, typically four months; (ii) by the non-defaulting party in the event of a material breach; and (iii) in the event of a force majeure.
- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during the term of the framework sales agreements, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to submit the dispute to the court of relevant jurisdiction.

We typically use our customers’ form of agreement in connection with our lithium-ion battery anode material products during the Track Record Period and the salient terms of such agreements usually include:

- *Purchase amount.* The purchase amount is specified in purchase orders.
- *Selling prices.* The prices of our products are specified in purchase orders.
- *Obligations of each party.* We deliver the products in the manner agreed upon in each purchase order, and furnish them with the current price and product information. We ensure that the products fully comply with the technical specifications we have established. Our customers are obligated to inspect the materials upon the arrival of the products at the warehouse or designated location.

BUSINESS

- *Risk allocation.* Control of the products shall be passed to our customers upon delivery. Defective products, however, will be subject to warranty and return.
- *Renewal and termination.* The initial contract terms differ but often the agreements are subject to automatic renewal.
- *Dispute resolution.* In the event of any dispute, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to submit the dispute to the court of relevant jurisdiction.

During the Track Record Period, all customers of our lithium-ion battery anode material products are direct sales customers and we generally granted a credit term ranging from 0 to 120 days to our customers.

OUR CUSTOMERS

Our customers primarily include companies principally engaged in distribution and production of electronic components, semiconductors and modular circuits as well as lithium-ion battery plants. In each of the years/period during the Track Record Period, revenue contributed from each of our five largest customers accounted for 41.4%, 43.4%, 46.4% and 47.8% of our total revenue in each of the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, while the largest customer in each year/period contributed 26.0%, 29.5%, 28.8% and 31.1% of our total revenue, respectively, for each of the same years/period. During the Track Record Period, we generally granted a credit term ranging from 0 to 120 days to our customers.

The following tables set out the details of our five largest customers in each year based on their revenue contribution during the Track Record Period:

For the year ended December 31, 2022

Ranking	Customer	Nature of revenue	Year of commencement of business relationship with us	Type of customer	Credit Period	Revenue	Percentage of total revenue
(RMB'000)							
1	Customer A ⁽¹⁾	Lithium-ion battery anode materials	2019	Direct sale customer	60-90 days	311,210	26.0
2	Customer B ⁽²⁾	Chips	2021	Distributor	0 day	74,549	6.2
3	Customer C ⁽³⁾	Lithium-ion battery anode materials	2020	Direct sale customer	90 days	38,371	3.2
4	Customer D ⁽⁴⁾	Lithium-ion battery anode materials	2019	Direct sale customer	90 days	37,977	3.2
5	Customer E ⁽⁵⁾	Others	2020	Direct sale customer	0-30 days	33,021	2.8
Total . .						495,128	41.4

BUSINESS

For the year ended December 31, 2023

Ranking	Customer	Nature of revenue	Year of commencement of business relationship with us	Type of customer	Credit Period	Revenue	Percentage of total revenue
(RMB'000)							
1	Customer A	Lithium-ion battery anode materials	2019	Direct sale customer	60-90 days	305,631	29.5
2	Customer C	Lithium-ion battery anode materials	2020	Direct sale customer	90 days	45,584	4.4
3	Customer F ⁽⁶⁾	Chips	2005	Direct sale customer	120 days	38,615	3.7
4	Customer G ⁽⁷⁾	Chips	2020	Distributor	0 day	30,447	2.9
5	Customer B	Chips	2021	Distributor	0 day	29,749	2.9
Total . .						<u>450,026</u>	<u>43.4</u>

For the year ended December 31, 2024

Ranking	Customer	Nature of revenue	Year of commencement of business relationship with us	Type of customer	Credit Period	Revenue	Percentage of total revenue
(RMB'000)							
1	Customer A	Lithium-ion battery anode materials	2019	Direct sale customer	60-90 days	336,793	28.8
2	Customer H ⁽⁸⁾	Chips	2020	Distributor	0-30 days	87,741	7.5
3	Customer C	Lithium-ion battery anode materials	2020	Direct sale customer	90 days	47,799	4.1
4	Customer I ⁽⁹⁾	Chips	2020	Distributor	0-30 days	36,360	3.1
5	Customer J ⁽¹⁰⁾	Chips	2019	Distributor	0-30 days	33,560	2.9
Total . .						<u>542,253</u>	<u>46.4</u>

BUSINESS

For the nine months ended September 30, 2025

Ranking	Customer	Nature of revenue	Year of commencement of business relationship with us	Type of customer	Credit Period	Revenue	Percentage of total revenue
						(RMB'000)	
1	Customer A	Lithium-ion battery anode material	2019	Direct sale customer	60-90 days	298,254	31.1
2	Customer I	Chips	2020	Distributor	0-30 days	58,306	6.1
3	Customer H	Chips	2020	Distributor	0-30 days	40,212	4.2
4	Customer K ⁽¹¹⁾	Chips	2020	Distributor	0-30 days	31,612	3.3
5	Customer D	Lithium-ion battery anode materials	2019	Direct sale customer	90 days	29,268	3.1
Total . .						<u>457,652</u>	<u>47.8</u>

- (1) A major new energy technology company founded in 1995 and mainly engaged in the research and development, production and sales of power lithium-ion batteries and energy storage systems
- (2) A private enterprise founded in 2014, headquartered in Shanghai and mainly engaged in the research and development and sales of smart sensors, IoT modules and embedded systems, with products used in smart homes, industrial automation and health care
- (3) A sino-foreign joint venture founded in 2003, headquartered in Jiangsu and mainly engaged in the research and development, production and sales of power lithium-ion batteries, with products used in new energy vehicles and energy storage industries
- (4) A state-owned company founded in 1997, headquartered in Tianjin and mainly engaged in the research and development, production and sales of lithium-ion batteries and systems, with products used in consumer electronics, new energy vehicles and energy storage industries
- (5) A private enterprise founded in 2017, headquartered in Guangdong and mainly engaged in the research and development, production and sales of smart locks, security equipment and smart home systems
- (6) A joint-stock enterprise founded in 2004, headquartered in Beijing and mainly engaged in the research and development and sales of identity authentication, financial security and IoT security products, including smart cards, USB Keys, mobile payment security solutions, etc.
- (7) A private enterprise founded in 2016, headquartered in Guangdong and mainly engaged in the research and development, production and sales of analog integrated circuits and power devices, with products used in consumer electronics, lighting and industrial control industries
- (8) A private enterprise founded in 2003, headquartered in Guangdong and mainly engaged in the research and development and sales of high-performance analog chips, BMS chips and sensor signal processing chips
- (9) A private enterprise founded in 2015, headquartered in Guangdong and is mainly engaged in global supply chain services for electronic components, semiconductors and new energy vehicle parts, including procurement and distribution, import and export customs clearance and logistics solutions
- (10) A private enterprise founded in 2012, headquartered in Guangdong and is mainly engaged in network security product research and development, security services and data privacy protection solutions

BUSINESS

- (11) A private enterprise founded in 2017, headquartered in Hubei and mainly engaged in the distribution of electronics components

We acquainted our five largest customers in each of the years/period of the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025 through marketing efforts, which mainly include visiting our downstream customers, attending industry seminar participants and referrals from business partners.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year were Independent Third Parties. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest customers during the Track Record Period and us, our Directors, shareholders or senior management, or any of their respective associates.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned customers, nor did we receive any material complaints from such customers. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors and senior management, there were no potential material product returns as of the Latest Practicable Date.

To the best of our Directors’ knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers in each year as of the Latest Practicable Date.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, we had one customer among our top five customers who was also our supplier in the same year.

Customer E was one of our top five customers in 2022. In each of the years ended December 31, 2022, 2023 and 2024, the revenue we generated from Customer E amounted to RMB33.0 million, RMB11.4 million and RMB5.3 million, respectively, and the purchases from Customer E amounted to RMB7.5 million, RMB4.3 million and RMB2.1 million in the same years, respectively. Customer E is engaged in the research and development, production and sales of smart locks, security equipment and smart home systems, and have purchased our smart lock mainboards and fingerprint recognition modules for the production of their products during the Track Record Period. Meanwhile, one of our subsidiaries is engaged in the sales of smart door lock SoC and solutions and had purchased smart lock components produced by and lock processing services offered by Customer E during the Track Record Period. We did not have any customer among our top five customers who was also our supplier or any supplier among our top five suppliers who was also our customer during the nine months ended September 30, 2025.

BUSINESS

Our Directors have confirmed that none of our sales to and purchases from our overlapping customers and suppliers during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the transactions with our overlapping customers and suppliers on an arm’s-length basis with reasonable and fair pricing terms.

SEASONALITY

The results of operations of our chip products business historically have been seasonal, primarily due to the cyclical demand of the downstream consumer in the consumer electronics industry, the peak sales season of which usually starts from September to December in each year, significantly affected by the global holiday shopping season and new product release cycle. Our revenue from chip products generated from September to December contributed to approximately 40% of our annual chip products revenue during the Track Record Period, being 41.4% in 2023 and 37.7% in 2024, except for 2022 (23.9%) when the market price and market demand decline adversely impacted our revenue in the second half of the year. As an upstream chip supplier, we usually enter the peak stocking period about two months in advance (i.e. from July to October) in order to cope with the demand peak season. Such timing synchronization in the chip products industry chain has resulted in high order volume and revenue from our chip product business during the third quarter and fourth quarter of the year, whereas there may be phased fluctuations during the first quarter and second quarter of the following year due to factors such as inventory adjustments by our customers.

The results of operations of our lithium-ion battery anode material products business have been subject to certain seasonality as we typically generate over a majority of revenue from this business line in the third and fourth quarters of a calendar year, being 55.3%, 52.2% and 59.1% in 2022, 2023 and 2024, respectively, primarily because these are the peak sales seasons for new energy automobile and our revenue from downstream customers in power battery industry was typically higher.

QUALITY MANAGEMENT

Quality control and assurance are crucial to our competitiveness as well as business growth, and we endeavor to ensure the quality of our operations through a comprehensive quality management system, which was formulated in accordance with the ISO9001 and ISO 26262 standards, as applicable.

We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with relevant industry requirements and our internal quality requirements. We understand quality is crucial to our customers’ satisfaction and are committed to provide customers with high-quality products through research and development and quality control. We also work closely with our customers and suppliers to improve quality through customer feedback and enhance customer experience.

BUSINESS

INVENTORY MANAGEMENT

Our inventories primarily consist of (i) raw materials and consumables, primarily including wafers, petroleum coke and needle coke, (ii) work-in-progress, (iii) finished goods, and (iv) others. See “Financial Information — Discussion of Certain Items of Statements of Financial Position — Inventories.” In order to maintain our competitiveness, adapt our products to evolving demand trends and to avoid our inventories becoming obsolete, we have taken measures to optimize our inventory level, including minimizing inventory backlog in the process of inventory management. In addition, we have established internal submission and approval procedures to optimize the logistics of our inventory management and standard of purchase orders of our chip products. We standardize our inventory management through our digital warehousing system. This way, we are able to keep track of all inventories at all stages. We maintain reasonable level of inventories as a result of our effective inventory management.

INTELLECTUAL PROPERTY

We regard our patents, trademarks, trade secrets and other intellectual property rights as critical to our business operations. As of the Latest Practicable Date, we possessed more than 350 patents (including 47 important patents), 53 proprietary rights of IC layout design, and 97 software copyrights in China.

As of the Latest Practicable Date, our Group had registered the following patents which, in the opinion of our Directors, are material to our business:

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
1. . . .	Clock detection method, device, and clock security system	Invention	202010784930.6	Our Company	PRC	August 6, 2020	February 18, 2025	August 6, 2040
2. . . .	Non-magnetic meter control circuit, non-magnetic meter circuit, chip and metering	Utility Model	202022196245.X	Our Company	PRC	September 29, 2020	July 20, 2021	September 29, 2030
3. . . .	A high-voltage protection circuit	Utility Model	202221703233.4	Our Company	PRC	July 4, 2022	November 25, 2022	July 4, 2032
4. . . .	A preparation method for silicon-carbon composite material and its application	Invention	202311063205.X	Our Company	PRC	August 22, 2023	August 6, 2024	August 22, 2043
5. . . .	A self-calibrating comparator circuit, integrated circuit and electronic equipment	Utility Model	202220024555.X	Our Company	PRC	January 6, 2022	May 31, 2022	January 6, 2032

BUSINESS

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
6. . . .	Data writing method, terminal and readable storage medium of non-volatile memory	Invention	201911305173.3	Our Company	PRC	December 17, 2019	August 6, 2024	December 17, 2039
7. . . .	A method and system for demodulating frequency shift keying modulation signal	Invention	201610919795.5	Our Company	PRC	October 20, 2016	December 18, 2020	October 20, 2036
8. . . .	A direct current offset cancelation circuit and method	Invention	201610921113.4	Our Company	PRC	October 20, 2016	April 17, 2020	October 20, 2036
9. . . .	A successive approximation type analog-to-digital converter and its application switching method	Invention	201610919701.4	Our Company	PRC	October 20, 2016	August 20, 2021	October 20, 2036
10. . . .	A two-point modulation transmitter calibration circuit and calibration method	Invention	201610921101.1	Our Company	PRC	October 20, 2016	August 24, 2021	October 20, 2036
11. . . .	Oscillator circuit and chip	Utility Model	202220649455.6	Our Company	PRC	March 23, 2022	August 5, 2022	March 23, 2032
12. . . .	An interface level self-adapting circuit and system	Utility Model	202320029542.6	Our Company	PRC	January 4, 2023	June 9, 2023	January 4, 2033
13. . . .	A radio frequency communication device and method	Invention	201710697406.3	Our Company	PRC	August 15, 2017	June 20, 2023	August 15, 2037
14. . . .	An electrostatic protection circuit and electronic device	Utility Model	201721331601.6	Our Company	PRC	October 13, 2017	May 4, 2018	October 13, 2027
15. . . .	Power supply control circuit and power supply control method	Invention	201210104914.3	Our Company	PRC	April 11, 2012	August 3, 2016	April 11, 2032
16. . . .	A device and method for detecting clock frequency	Invention	201210071104.2	Our Company	PRC	March 16, 2012	February 3, 2016	March 16, 2032
17. . . .	Power-on reset circuit	Invention	201210112743.9	Our Company	PRC	April 17, 2012	August 24, 2016	April 17, 2032
18. . . .	A system and chip configured with low-dropout linear regulator output current	Invention	201310096559.4	Our Company	PRC	March 22, 2013	January 20, 2016	March 22, 2033
19. . . .	Self-adaptive adjustment circuit, method and chip for constant current power supply	Invention	201310096565.X	Our Company	PRC	March 22, 2013	March 2, 2016	March 22, 2033

BUSINESS

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
20. . . .	A true random number generator	Invention	201310549303.4	Our Company	PRC	October 30, 2013	April 27, 2018	October 30, 2033
21. . . .	A storage system and the control method of its non-volatile memory device	Invention	201310746987.7	Our Company	PRC	December 30, 2013	December 18, 2018	December 30, 2033
22. . . .	A method and device for protecting safety module	Invention	201410388868.3	Our Company	PRC	August 8, 2014	March 17, 2020	August 8, 2034
23. . . .	A signal conversion device and method	Invention	201410328950.7	Our Company	PRC	July 10, 2014	October 25, 2019	July 10, 2034
24. . . .	Audio transmitting and receiving terminal, and method for transmitting and receiving target data	Invention	201410413151.X	Our Company	PRC	August 19, 2014	May 7, 2019	August 19, 2034
25. . . .	Differential SAR ADC and its switched capacitor structure, A/D conversion method, and layout realization method	Invention	201510648188.5	Our Company	PRC	October 9, 2015	March 2, 2021	October 9, 2035
26. . . .	A power control system and its realization method	Invention	201310080404.1	Our Company	PRC	March 3, 2013	March 9, 2018	March 3, 2033
27. . . .	A segment code liquid crystal and its bias voltage generating circuit and method	Invention	201510428545.7	Our Company	PRC	July 21, 2015	January 12, 2021	July 21, 2035
28. . . .	A method and device for forecasting state-of-charge related parameters based on impedance decomposition	Invention	202210975937.5	Our Company	PRC	August 15, 2022	November 25, 2022	August 15, 2042
29. . . .	Method and device for forecasting battery SOP based on real-time temperature	Invention	202310280155.4	Our Company	PRC	March 22, 2023	June 6, 2023	March 22, 2043
30. . . .	A method and device for detecting battery self-discharge performance	Invention	202310463688.6	Our Company	PRC	April 26, 2023	July 18, 2023	April 26, 2043
31. . . .	A signal transmitting circuit and general-purpose equipment	Utility Model	202322890012.3	Our Company	PRC	October 27, 2023	June 11, 2024	October 27, 2033
32. . . .	A communication chip for single-wire power supply communication	Invention	202010058232.8	Our Company	PRC	January 19, 2020	May 6, 2025	January 19, 2040

BUSINESS

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
33. . . .	An integrated circuit	Invention	202011631319.6	Our Company	PRC	December 30, 2020	April 11, 2025	December 30, 2040
34. . . .	An amplifier	Utility Model	202320744608.X	Our Company	PRC	April 7, 2023	September 22, 2023	April 7, 2033
35. . . .	A method and device for bluetooth connectivity resource management	Invention	201610471852.8	Our Company	PRC	June 24, 2016	May 5, 2021	June 24, 2036
36. . . .	A storage system and a fault protection method and device thereof	Invention	201510896260.6	Our Company	PRC	December 8, 2015	March 2, 2021	December 8, 2035
37. . . .	A security chip and its defense method and device against error injection attack	Invention	201510184515.6	Our Company	PRC	April 17, 2015	October 23, 2020	April 17, 2035
38. . . .	Control circuit and control method for waking up low power consumption mode	Invention	202211130486.1	Our Company	PRC	September 16, 2022	February 14, 2025	September 16, 2042
39. . . .	A preparation method for modified graphite anode material for lithium-ion batteries	Invention	201110132408.0	Inner Mongolia Sinuo	PRC	May 20, 2011	June 11, 2014	May 20, 2031
40. . . .	A preparation method for high-capacity lithium-ion battery anode material	Invention	201210283761.3	Inner Mongolia Sinuo	PRC	August 10, 2012	May 21, 2014	August 10, 2032
41. . . .	A preparation method for high-capacity and high-rate lithium-ion battery anode material	Invention	201310166750.1	Inner Mongolia Sinuo	PRC	May 8, 2013	August 19, 2015	May 8, 2033
42. . . .	A preparation method for graphite anode material for modified lithium-ion batteries	Invention	201310219705.8	Inner Mongolia Sinuo	PRC	June 5, 2013	December 9, 2015	June 5, 2033
43. . . .	A preparation method for natural graphite anode material for lithium-ion batteries by wet ball milling	Invention	201310305869.2	Inner Mongolia Sinuo	PRC	July 22, 2013	July 15, 2015	July 22, 2033
44. . . .	A preparation method for multilayer carbon-coated silicon-carbon composite material	Invention	201910416407.5	Inner Mongolia Sinuo	PRC	May 20, 2019	March 28, 2023	May 20, 2039

BUSINESS

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
45.	Long-life graphite composite anode material for energy storage, and its preparation method and application	Invention	202411035764.4	Inner Mongolia Sinuo	PRC	July 31, 2024	October 15, 2024	July 31, 2044
46.	Low-temperature fast-charging anode composite material for power batteries, its preparation method and application	Invention	202411060603.0	Inner Mongolia Sinuo	PRC	August 5, 2024	November 26, 2024	August 5, 2044
47.	A preparation method for artificial graphite material and its application	Invention	202310276720.X	Hubei Sinuo	PRC	March 16, 2023	February 20, 2024	March 16, 2043

For detailed information about our material intellectual property, see “Appendix VII — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights of our Group.” As of September 30, 2025, all of our material intellectual properties are owned by ourselves.

With our proprietary intellectual properties, we are able to:

- *High Integration:* Integrate more functional modules into a single chip, reducing the need for peripheral components; lowers system cost and printed circuit board (PCB) footprint while simplifying product design complexity.
- *High Security:* Provides hardware-level encryption, secure boot, and tamper-proof mechanisms to protect sensitive data and code from malicious attacks. Ensures trusted operation of IoT devices and industrial control systems.
- *Low Power Consumption:* Extends the operating time of battery-powered devices and reduces system cooling requirements, which is particularly suitable for energy-sensitive applications like wearables and wireless sensor networks.

We are also licensed certain industry-standard intellectual properties such as ARM architecture-related IPs and EDA tools, which enhances the compatibility of our products and facilitates customer development.

We rely primarily on a combination of patents, trademarks, trade secrets, and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We generally state all rights and obligations regarding the ownership and protection of intellectual properties in employment confidentiality agreements and some commercial agreements we enter into. In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of comprehensive

BUSINESS

internal policies to establish robust management over our intellectual property rights, (ii) deploying a special team to manage our daily work regarding intellectual properties, (iii) timely registration, filing and application for ownership of our intellectual properties, (iv) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, and (v) engaging professional intellectual property service providers.

We have entered into agreements with confidentiality clause with all of our key employees, and agreements with non-competition clause with our senior management and other employees who have access to trade secrets or confidential information about our business. Our standard confidentiality and intellectual property rights agreement, which we use to manage our employees who have access to trade secrets or confidential information about our business for work-performing purposes, contains an assignment clause, under which we own all the rights to all inventions, utility models, technology, know-how and trade secrets derived during the course of such employee’s work. We also seek to preserve the integrity and confidentiality of our data and trade secrets related to IP library by maintaining physical security of our premises and physical and electronic security of our information technology systems.

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties’ intellectual property rights in the PRC or other regions and, to the best knowledge of our Directors and senior management, they are not aware of any such disputes. See “Risk Factors — Risks Relating to Our Business and Industry — We may be unable to adequately protect or enforce our intellectual property rights, which could adversely affect our business, financial condition and results of operations.”

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

In the course of our business, we collect, store and process business data and transaction data. As we only make transactions with enterprises, we do not collect or process personal data. We maintain a financial system, a human resource management system, a business management system and other systems relating to the operation of our business. See “Risk Factors — Risks Relating to Our Business and Industry — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.”

We pay close attention to risk management relating to our IT system, as storage and protection of corporate data and related information is critical to us. To ensure data security, we have adopted a rigorous encrypted algorithm to protect sensitive data and strictly execute a data accessing and transmitting policy to ensure the confidentiality of our data. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing. We have established a set of internal protocols on data security, which set forth detailed, strict requirements in relation to the use, disclosure and protection of confidential information. Among other things, such

BUSINESS

internal protocols provide limited authorization to our employees holding specific positions at specific levels to access and process corporate data on a need-to-know basis, who shall use such data only for the purposes of performing their work assignment.

During the Track Record Period and up to the Latest Practicable Date, we have not had material incidents of data leakage and have been in compliance with relevant data and privacy protection laws and regulations in all material aspects.

COMPETITION

We face competition in respect of the quality of our products, our ability to meet downstream customers’ expectations, and our experience and reputation. The principal competitive factors in our industry generally include product performance, stability and reliability, price competitiveness, marketing and sales capabilities, and brand influence.

We believe that there are high barriers for our competitors to enter into the MCU market and lithium-ion battery anode material market, which include, among other things, design efficiency, first-mover advantages, extensive product lineup, downstream customers’ recognition and collaboration with foundries or wafer channel partners. For more information on the competitive landscape of our industry, see “Industry Overview.” Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths.

EMPLOYEES

As of September 30, 2025, we had 1,085 full-time employees, 1,047 of whom were based in Chinese Mainland. The following table sets forth the number of our employees by function as of September 30, 2025:

Function	Number of employees
Production	472
R&D and technical support	352
Sales and marketing	54
Finance	23
Administration	184
Total	1,085

We recognize the importance of talents for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees relatively competitive salaries, performance-based bonuses, and other incentives. We typically sign non-competition agreement with our senior management or other key employees. We

BUSINESS

periodically review the performance of our employees on the basis of, among other criteria, their abilities to achieve stipulated performance targets. As a result, we have generally been able to attract and retain qualified employees and maintain a stable core management team.

We plan to adopt a diversified recruitment approach to ensure a sufficient talent pool for key positions. We primarily recruit our employees through on-campus recruitment, online channels and third-party human resources agencies. We provide on-board training for all of our employees as well as periodic training or seminars to ensure their self-development. In particular, we provide a special training program for our R&D employees to help them get familiar with R&D activities and project management. Experienced engineers serve as mentors in the program, and conduct tutoring with new R&D employees. Furthermore, we hold lectures and exchange ideas through seminars with external professionals. We also provide courses for our employees as an important part of their continuous self-learning. We strive to create a multiple-incentive mechanism and a friendly working environment to fulfill our employees’ full potential. Due to our efforts, we generally maintain a stable team of employees that make continuous contributions.

Our employees are currently represented by our internal labor union. We believe that we generally maintain good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes.

As required by PRC laws and regulations, we participate in social security schemes organized by municipal and provincial government, including pension, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds.

LAND AND PROPERTIES

As of the Latest Practicable Date, we own eight properties in the PRC, and leased 45 properties in the PRC with an aggregate GFA of approximately 80.5 thousand sq.m. from third parties. These properties were used primarily as premises of office spaces and staff dormitories, R&D activities and daily operations. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to ten years.

INSURANCE

During the Track Record Period, we purchase insurance, including but not limited to property insurance and liability insurance, in accordance with PRC legal and regulatory requirements as well as our overall assessment of operational needs and industry management. For our non-PRC subsidiaries, we provide insurance coverage for our employees as required by the relevant jurisdictions. Our Directors consider our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in China and relevant jurisdictions. See “Risk Factors — Risks Relating to Our Business and Industry — We may not have sufficient insurance coverage to cover our potential liability or losses and

BUSINESS

as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.” As of the Latest Practicable Date, we had not experienced any business interruptions that had a material adverse effect on our business.

AWARDS AND RECOGNITIONS

As of the Latest Practicable Date, we have received awards and recognition in respect of our Group and our products, significant ones of which are set forth below:

Award year	Award/Recognition	Awarding Institution/Authority
2017	China Patent Gold Award (中國專利金獎)	China National Intellectual Property Administration (國家知識產權局)
2011, 2012, 2013, 2015, 2016 and 2018	China Patent Award of Excellence (中國專利優秀獎)	China National Intellectual Property Administration (國家知識產權局)
2015	Guangdong Patent Award (廣東專利獎金獎)	Guangdong Provincial People’s Government (廣東省人民政府)
2014	Guangdong Provincial Science and Technology Award — Third Prize (廣東省科學技術獎勵三等獎)	Guangdong Provincial People’s Government (廣東省人民政府)
2012	IC Design Industry Leading Enterprise (集成電路設計龍頭企業)	Shenzhen Semiconductor Industry Association (深圳市半導體行業協會)
2017	Guangdong Famous Trademark (廣東省著名商標)	Guangdong Famous Trademark Review Committ (廣東省著名商標評審委員會)
2022, 2023 and 2024 . .	China IC Design Achievement Award (中國IC設計成就獎)	AspenCore
2022, 2023, 2024 and 2025	Global Electronics Achievement Award (全球電子成就獎)	AspenCore

LICENSES, PERMITS AND APPROVALS

As of the Latest Practicable Date, as advised by our PRC Legal Advisors and Singapore Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC and Singapore, respectively, and such licenses and permits had remained in full effect. Our Directors are of the view that there was no material legal impediment to renewing our material licenses and permits as of the Latest Practicable Date.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are firmly committed to sustainable development, social responsibility, and strong corporate governance, all of which reflect our adherence to Environmental, Social, and Governance (ESG) principles. To support this commitment, we have developed a comprehensive suite of policies and procedures encompassing environmental stewardship, workplace safety, employee well-being, and anti-corruption practices.

Our operations and facilities comply with applicable environmental, health, and safety laws and regulations. We actively pursue energy efficiency and waste reduction through continuous upgrades to our production processes. We also prioritize creating a supportive and inclusive work environment, placing strong emphasis on employee health, safety, and well-being. To this end, we conduct regular training programs focused on workplace safety and skills development.

Management views ESG as a fundamental pillar of our mission and has fully integrated sustainable development practices into our corporate strategy and day-to-day operations. By continuously refining our ESG policies and implementation plans, we aim to deliver long-term value for all stakeholders. We believe that a structured and proactive approach to ESG not only strengthens our competitive advantage but also contributes to the sustainable development of our entire value chain.

Given the varying ESG implications of our two principal business segments and their respective subsidiaries, the following disclosures — unless otherwise stated — are intended to reflect the Company’s overall position and perspective.

ESG Materiality Assessment

We have implemented a rigorous and structured ESG materiality assessment framework to identify and prioritize key sustainability topics. This framework incorporates both internal and external analysis. Internally, we conduct a comprehensive review of the entire operational lifecycle, benchmarking our practices in accordance with the requirements of “Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange — Preparation of Sustainability Report” and the Environmental, Social and Governance Reporting Guide under Appendix of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with appropriate reference to international ESG standards, industry-leading practices, and ESG rating criteria. Externally, we closely monitor evolving regulatory landscapes and engage regularly with stakeholders through surveys to understand the priorities and concerns of customers, suppliers, and investors. Throughout this process, we assess each issue based on its actual and potential impact on our business, as well as its broader environmental and social implications—evaluated in terms of scope, scale, and duration.

BUSINESS

Through multidimensional analysis, we focus on the following core ESG topics: energy management, emissions and waste control, employee development and occupational health and safety, sustainable supply chain management, and intellectual property management. By employing a dynamic assessment mechanism, we can accurately determine the priority of each topic, allocate management resources scientifically, and ensure that our ESG strategy advances in synergy with business development and stakeholder expectations.

Environment

Environmental and Climate-Related Risks

We place great emphasis on environmental and climate-related risks, which have been fully integrated into our overall risk management framework. We will continuously optimize our environmental risk management strategies, balancing business growth with resource sustainability, and contribute to addressing global climate challenges. The risks we face fall into three main categories — environmental risks, climate risks, and transition risks — and we have developed targeted management measures for each.

Environmental Risks

Natural disasters, public health emergencies, or other unforeseen events may pose risks to our business operations. Such events can disrupt production and supply chains, leading to potential economic losses and operational downtime. The Company keeps paying close attention to global environmental changes and development policies, and integrate the environment and climate change management into its routine operational priorities and long-term development goals.

Climate Risks

Our manufacturing facilities are exposed to physical risks from extreme weather events such as typhoons and heavy rainfall. These conditions can cause power outages, floods, and other damage, which may create safety hazards, force suspension of research and production activities, and increase operating costs. Our production capacity could be severely impacted, potentially resulting in delays and financial losses. To address this, we have formed an emergency command center with rescue teams, evacuation teams, warning teams and caring teams set up. Besides, we established the Emergency Plan for Safety Production Accidents and Environmental Emergency Plan to interact with acute extreme weather hazards.

Transition Risks

Transition risks could be classified as policy and compliance risk, market risk, technology risk and reputation risk. The “dual carbon” goals and global energy saving and emission reduction and water-related policies could potentially lead an increase in operating costs if the Company failed to respond effectively to the relevant policies in a timely manner. The rise in non-renewable energy prices could lead to increasing production costs and operating costs and

BUSINESS

the upgrading of technology could lead to increasing R&D costs, and failure to take active steps to address environmental changes could tarnish our image and affect our brand and reputation, all of following three risks could result in a decrease in operating income.

We actively respond to the national dual-carbon policy by advancing our technology, enhancing production efficiency, simplifying process flows, and advancing automation and intelligence, thereby reducing the unit production cost.

Environmental Management Targets and Measures

Our majority-owned subsidiary, Inner Mongolia Sinuo New Material Technologies Co., Ltd., is engaged in the production, manufacturing, and sales of lithium-ion battery anode materials. The company has established an environmental management system aligned with ISO 14001 and ISO 45001 standards and has formulated corresponding internal environmental regulatory system.

We recognize that the primary environmental risks associated with our operations include greenhouse gas emissions, air pollution, wastewater treatment, and energy consumption.

Accordingly, the company has set the following targeted emission reduction goals:

- **Greenhouse Gas Emissions Reduction:**
 - Progressive reduction in scope 1 GHG emissions per unit of product, with a target of 3% decrease every year by 2030 and achieving carbon neutrality by 2050.
 - Improve energy efficiency to reduce Scope 2 GHG emissions by decreasing electricity consumption per unit of output by 1% annually through 2030, and achieve 80% green energy procurement by 2050.
 - Advance carbon neutrality assessments across upstream and downstream segments of the value chain to reduce Scope 3 GHG emissions, targeting a 15% reduction by 2030 in major contributing factors, including waste treatment and the use of packaging materials.
- **Dust and Particulate Matter Emissions Reduction:** Gradual decrease in particulate emissions per unit of product, with a goal to reduce such emissions by 20% by 2030.
- **Wastewater Discharge:** Achieve zero wastewater discharge across all production processes.
- **Hazardous Waste Disposal:** Ensure 100% compliant and lawful disposal of all hazardous waste.

BUSINESS

To achieve the above targets, we are implementing the following measures:

- **Enhancement of Production Technology:** Introduce high-efficiency graphitization processes and strengthen waste heat recovery and energy management systems to reduce scope 1 GHG emissions.
- **Adoption of Renewable Energy:** Execute green electricity procurement agreements with regional power grids to lower the scope 2 GHG emissions.
- **Establish a Value Chain Carbon Emissions Tracking and Assessment System:** Adopt low-carbon packaging materials, optimize packaging design, reduce unnecessary business travel and encourage green commuting, thereby lowering scope 3 GHG emissions.
- **Strengthening Digital Carbon Emissions Management:** Deploy intelligent electricity and gas meters at critical production stages to enable real-time monitoring and data collection at the source. Gradually establish a digital system that covers carbon data collection, accounting, reporting, and monitoring, in order to identify key areas for emission reduction.
- **Deployment of Smart Dust Collection and Monitoring Systems:** Install intelligent dust filtration systems, such as smart baghouses or electrostatic precipitators, and develop contingency response mechanisms.
- **Implementation of Intelligent Wastewater and Liquid Waste Management:** Introduce advanced wastewater and greywater recycling systems; enforce rain-sewage separation and construct pretreatment facilities.
- **Development of an ESG Evaluation Framework:** Facilitate the adoption of international standards such as ISO 14064 to support comprehensive carbon accounting and ESG performance assessment.

Energy Management

As a core component of our corporate sustainability strategy, energy management plays a vital role in our operations. We view improving energy efficiency not only as an environmental responsibility but also as a key initiative to enhance operational efficiency and strengthen our competitive edge. To this end, we have implemented the following measures:

- **Clean Energy:** The Company started using rooftop distributed photovoltaic grid-connected power generation in September 2019, and by the end of 2024, it had used 260,178.8 kWh of clean electricity.

BUSINESS

- **Energy Consumption:** As for the lithium-ion battery anode materials business, energy consumption on production in 2024 is 1.39 TCE/ton (ton of standard coal equivalent/ton), a 7% reduction compared that of 1.49 TEC/ton in 2023.
- **Lighting Management:** Maximize the use of natural light in workspaces, meeting rooms, corridors, and aisles. The lighting in the parking lot is renovated that only the aisle lights are turned on and are turned off at midnight. Time-controlled switches are installed on the street lights, ground lights, company logo lights, etc. outside the building. Prohibit lights being left on when areas are unoccupied. After hours, except for security lighting, all office and production-area lighting must be switched off.
- **Heating, Ventilation, and Air Conditioning Management:** Temperature setpoints: cooling at 26°C in summer. Keep doors and windows closed while the system is operating; draw blackout curtains when sunlight is intense. Special personnel are assigned to turn on and off the air conditioners in the elevator car and meetings hall. Energy-saving and low-carbon reminders for air conditioners are posted in each office and public area, such as toilets, pantry areas.
- **Water Management:** The requirement of saving waters are stated in the Company’s Office Area Management Regulations. Reasonably arrange the frequency of watering the greenery outside the building and cleaning the stone floor to avoid water waste. Any leaks or equipment malfunctions are immediately reported to the Administration Department for repair. As for lithium-ion battery anode materials business, Hubei Sinuo is equipped with a comprehensive wastewater management system, including a designed and constructed wastewater collection basin, treatment basin, emergency containment basin, and initial rainwater collection basin. Collected rainwater, wastewater, and emergency runoff undergo preliminary sedimentation, followed by treatment through an integrated biofiltration system. The treated water is then reused for facility landscaping irrigation and as make-up water for the high-temperature carbonization circulating system.

BUSINESS

With respect to legal and regulatory compliance, we consistently benchmark against the PRC Energy Conservation Law and rigorously standardize all production and operational activities. To comprehensively understand and optimize our environmental impact, we continuously monitor key environmental indicators. The table below summarizes our primary energy consumption during the period indicated:

	Years Ended December 31,		
	2022	2023	2024
Gasoline (L)	28,726.0	35,357.3	33,082.5
Diesel (L)	40,104.6	48,755.3	62,463.2
Natural Gas (L)	17,390.0	192,534.8	146,987.5
Electricity consumption (MWh)	261,790,223.0	282,052,486.0	404,367,175.0
Water consumption (m ³)	163,410.0	181,418.0	253,763.0

Specifically, for the lithium-ion battery anode materials business, the primary energy consumption and corresponding proportion of the Company during the period indicated are as follow:

	Years Ended December 31,					
	2022		2023		2024	
Gasoline (L)	15,030.0	52%	19,112.3	54%	18,417.5	56%
Diesel (L)	40,104.6	100%	48,755.3	100%	62,463.2	100%
Natural Gas (L)	–	–	175,032.8	91%	130,599.5	89%
Electricity consumption (MWh)	257,544,048.0	98%	277,692,764.0	98%	400,405,763.0	99%
Water consumption (m ³) . .	149,407.0	91%	168,968.0	93%	242,734.0	96%

Before 2023, the lithium-ion battery anode materials business did not utilize the pre-carbonization process and thus did not involve the consumption of natural gas. Beginning in 2024, with the commencement of production of Hubei Sinuo, there has been a significant increase in both water and electricity consumption.

Emissions and Waste Management

Guided by the principles of environmental protection and sustainable development, we strictly comply with the PRC Environmental Protection Law, Solid Waste Pollution Prevention and Control Law, the Integrated Emission Standard of Air Pollutants, and other relevant laws and regulations. For internal regulation and control, we have established a comprehensive emissions and waste management system, including Waste Management Guidelines, Resource and Energy Conservation Control Regulations, and Operation Control Procedures, to regularly monitor that all emissions meeting national standards. As an authoritative certification in environmental management, our subsidiaries related to lithium-ion battery anode materials

BUSINESS

have successfully obtained ISO 14001 and ISO 45001 certification. We have established a comprehensive end-to-end waste management procedure covering segregation, storage, transportation, disposal, and recycling, and we conduct periodic system audits to ensure compliance.

Regarding greenhouse gas emissions, we have implemented a series of procedures. The subsidiaries engaged in lithium-ion battery anode materials have formed Low-Temperature Carbonization Desulfurization Operating Procedures, Graphite Desulfurization Operating Procedures that regulates manufacturing procedure to ensure that greenhouse gas emissions are reduced throughout the production and post-production process. Specifically for the lithium-ion battery anode materials business, the scope 1 greenhouse gas emissions decreased by 23.6% in 2024 compared with 2023.

The table below presents our greenhouse gas emission. Our Scope 1 emission represent direct GHG emissions generated from the production activity. Our Scope 2 emission represents indirect GHG emissions generated from the use of purchased resources including gasoline, diesel, natural gas, electricity. Our Scope 3 emission represents other indirect GHG emissions generated from the use of purchased packaging materials, the treatment of waste.

	Years Ended December 31,		
	2022	2023	2024
Total GHG emission (tCO ₂ e)	354,675.8	470,558.7	509,518.9
Scope 1 GHG emission (tCO ₂ e)	146,772.7	245,952.6	187,809.7
Scope 2 GHG emission (tCO ₂ e)	206,538.3	222,528.8	318,967.2
Scope 3 GHG emission (tCO ₂ e)	1,364.8	2,077.3	2,742.0

Specifically, for the lithium-ion battery anode materials business, the scope 1-3 GHG emission and corresponding proportion of the Company for the period indicated are as follow:

	Years Ended December 31,					
	2022		2023		2024	
Total GHG emission (tCO ₂ e)	352,905.7	100%	465,002.0	99%	504,103.2	99%
Scope 1 GHG emission (tCO ₂ e) . .	146,772.7	100%	245,952.6	100%	187,809.7	100%
Scope 2 GHG emission (tCO ₂ e) . .	206,132.1	100%	219,048.8	98%	315,801.7	99%
Scope 3 GHG emission (tCO ₂ e) . .	0.85	0%	0.57	0%	491.8	18%

BUSINESS

In the field of waste management, we have formulated Waste Treatment Control Procedure and Hazardous Waste Pollution Prevention and Control Management System, which strictly prohibits all departments and workshops of the company from dumping and disposing of various types of waste at will. The subsidiaries engaged in lithium-ion battery anode materials have cooperated with professional licensed waste treatment company, and successfully transferred 3,024.78 tons of gypsum, 88.35 tons of tar in 2024.

The table below presents our pollutant discharge data for the period indicated:

	Years Ended December 31,		
	2022	2023	2024
Carbon dioxide (T)	146,772.7	245,952.6	187,809.7
Hazardous waste (ex-Tar) (T)	0.1	0.1	0.1
Tar (T)	296.3	392.0	517.2
Non-hazardous waste (ex-Gypsum) (T)	4.5	4.3	4.4
Gypsum (T)	1,099.2	10,121.2	13,409.3

Specifically, for the lithium-ion battery anode materials business, the pollutant discharge data and corresponding proportion of the Company for the period indicated are as follow:

	Years Ended December 31,					
	2022		2023		2024	
Carbon dioxide (T)	146,772.7	100%	245,952.6	100%	187,809.7	100%
Hazardous waste (ex-Tar) (T)	0.1	100%	0.1	100%	0.1	100%
Tar (T)	296.3	100%	392.0	100%	517.2	100%
Non-hazardous waste (ex-Gypsum) (T)	3.0	67%	2.8	65%	2.9	66%
Gypsum (T).	1,099.2	100%	10,121.2	100%	13,409.3	100%

In 2022, only one production workshop at Inner Mongolia, accounting for half capacity, employed the caustic soda single-alkali desulfurization process, which did not generate gypsum. In 2023, both workshops underwent process adjustments and capacity expansion, resulting in increased emissions of gypsum and tar. In 2024, with the commencement of trial production of related subsidiary at Hubei, these emissions further increased.

Social Responsibility

Employees

In terms of labor and employment, we are committed to complying with the PRC Labor Law, the PRC Labor Contract Law, the Employment Act of Singapore, and other relevant laws and regulations to sign employment contracts with all employees, respect their legal rights and offer equal employment opportunities within an inclusive work environment. The Company

BUSINESS

will provide fair job opportunities for job seekers of different genders and nationalities. The Company consistently upholds a “people-oriented” talent philosophy, promotes team spirit, values talent, respects and safeguards individual employee rights, and pays close attention to employee physical and mental health, safety, and personal development. Through multiple channels, we provide equal development opportunities and a positive working environment, emphasize talent cultivation, and regularly conduct training programs based on employee needs to foster mutual growth. As of September 30, 2025, we employed 1,085 full-time staff.

Talent Development and Incentives

Talent Development System

We have established a comprehensive talent development program. The Company builds a systematic training framework to enhance employees’ professional expertise and overall competencies through leadership training, specialized R&D courses, and general skills development. This robust support ensures a solid talent base for the Company’s ongoing innovation and growth.

The Company is committed to building a comprehensive talent training system to help achieve the company’s strategic goals and continuously improve capabilities of employees. In terms of training, the company has specifically constructed “new employee induction training”, “general skills training”, “management skills training”, “professional skills training”, etc., and cooperated with external training institutions to develop various training programs. During 2024, the total training hours accumulates to 3,101 hours and more than 950 employees participated.

Additionally, we run a sound internal communication mechanism to bridge communication between the management and frontline R&D personnel and production staff, where the management receives and resolves dozens of issues raised by employees within a year. These support employees in simultaneously expanding their knowledge base and honing their technical abilities, thereby underpinning both personal career progression and the enhancement of our business operations.

Talent Incentive Mechanisms

To further develop and refine our long-term incentive framework, attract and retain exceptional talent, and fully motivate our core teams, the Company established clear and objective performance evaluation standards and compensation system to let employees know how the work results are linked to the compensation, and ensure fair compensation distribution to incentivize employees to improve. Besides, the Company implements performance management, breaks down goals from top to bottom through the KPI+KO indicator type, and provides a supporting quarterly and annual performance evaluation and feedback mechanism to promote communications and the growth of individuals and enterprises.

BUSINESS

Although no new equity incentive plans were implemented during the reporting period, the Company has consistently placed strong emphasis on the motivation and retention of key talent. In 2021, the Company launched a comprehensive equity-based incentive scheme under its 2021 Restricted Shares Incentive Scheme. This demonstrates our people-centric philosophy and underscores our commitment to mutual growth between talent development and the Company.

Occupational Health, Safety and Care

We have established a comprehensive Occupational Health and Safety (OHS) management system. In strict accordance with national laws and regulations, we implement safety management systems, including basic safety knowledge training, safety regulations, safety specialist allocations, risk identification and hierarchical management system, and regular distribution of personal protective equipment to avoid occupational hazards., etc.

As for lithium-ion battery anode materials business, we strictly adheres to the PRC Production Safety Law, and the Law on the Prevention and Treatment of Occupational Diseases. The extra safety production emergency plan and regular occupational health inspection are strictly conducted. We have an emergency leadership group, regularly organize drills according to identified risks. We conducted a total of 13, 12, 12 and 9 drills in 2022, 2023, 2024, and in the nine months ended September 30, 2025 in Inner Mongolia Sinuo and conducted 14 emergency drills in the nine months ended September 30, 2025 in Hubei Sinuo. Both the workshop factory conducts occupational health testing and issues reports on examining occupational hazard factors. There is zero fatality during the reporting period and up to the Latest Practicable Date.

Supply Chain Management

The Company strictly abides by the PRC Bidding Law and formulates Supplier Management Procedures, Procurement Management Procedures and Bidding Management System to regulate procurement behavior.

The Company classifies supplier into six categories in terms of the difference of procured products and service, conducts quarterly assessment on suppliers, and emphasize a priority evaluation on vendors of significant products or services, including the formulation of access standards, daily monitoring and quarterly performance evaluation and audit, etc. We have established long-term, stable partnerships with multiple suppliers, creating an effective coordination mechanism.

As for lithium-ion battery anode materials business, a separate set of assessment system is constructed and under operations. Suppliers are required to provide valid environmental management system certifications and provide other compliance reports for the products they supply. Key suppliers are subject to audits every two years. In the event of major irregularities, the audit frequency may be increased as needed. The assessment will include consideration of the suppliers’ environmental and social impacts.

BUSINESS

Intellectual Property Management

The Company has been committed to the accumulation and management of intellectual property rights and has been insisting on promoting innovation and development to form competitiveness. We have established full sets of intellectual property management manual and guidelines, including General Principles of Intellectual Property Management, Patent Management Measures, Intellectual Property Workflow Guide, Integrated Circuit Layout Design Management Measures, and Copyright Management Measure to facilitate and foster internal intellectual innovation. They are revised as necessary to comply with the latest criteria.

Customer Service Management

The Company regularly engages in technical exchanges with customers, aligning its medium- and long-term product roadmaps with customers’ future technology upgrades and industry development. We continuously tackle manufacturing process challenges to drive innovation, develop new products, and improve production workflows and product quality.

The Company provides 24/7 service response, offering on-site professional support for key accounts. We attach great importance to the quality of products delivered. We also established a customer quality information feedback system, and actively communicate with customers about product quality standards, lineup with new quality requirements, and promptly handle quality problems to improve customer satisfaction. We deliver tailored solutions for capability and quality enhancement, thereby improving production planning, boosting operational efficiency, and reducing operating costs.

Governance

ESG Governance

We are fully committed to upholding corporate social responsibility and embedding it into all core aspects of our operations. In alignment with ESG reporting requirements, we aim to conduct our business in a way that prioritizes environmental protection and the health and safety of our employees. To this end, we are planning to establish a robust ESG management framework characterized by a clear organizational structure, defined roles and responsibilities, and efficient execution mechanisms. This framework will clarify accountability across different management tiers, departments, and positions, and will incorporate enhanced governance practices to ensure effective support for ESG-related initiatives. Where appropriate, we will engage external experts or specialized institutions to provide professional input and support in advancing our ESG agenda.

From a governance perspective, our Board has defined clear short-term goals and medium- to long-term strategic plans to drive measurable progress in key ESG areas, including carbon reduction, zero wastewater discharge, and information transparency. Over the past three years, we have maintained full compliance with applicable environmental, social, and governance regulations and have not incurred any penalties for related violations.

BUSINESS

Anti-Corruption and Anti-Bribery

We maintain a strict ethos of integrity in all our business dealings and fully comply with the PRC Company Law, Anti-Monopoly Law of the People’s Republic of China, and the PRC Anti-Unfair Competition Law, and other applicable national laws and regulations. We have established a comprehensive compliance management system. The groups internal audit department has set up a reporting mailbox and telephone for accepting reports of improper behavior. All new employees are required to sign an agreement of integrity and learn about common corruption risks and cases, anti-corruption culture and system of the group during induction training and special training. The Company holds anti-corruption and anti-bribery training session for employees and collaborative partners regularly to sustain a good compliance culture and working environment. During the reporting period and up to the Latest Practicable Date, neither the Company nor any of its employees has been subject to any corruption or bribery litigation.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or our Directors. To the best knowledge of our Directors, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our Shareholders’ investment and our assets at all times. We maintain internal manuals setting out operating procedures, internal control procedures and other policies and guidelines. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, compliance, and anti-bribery and kick-back.

Our Board of Directors are responsible for the establishment, updating and implementation of our internal control policies and systems, while our management team monitors the daily implementation of the internal control procedures and measures with respect to our functional teams.

BUSINESS

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial team reviews our management accounts based on such procedures. We also provide regular training to our finance team members to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Compliance Risk Management

In order to effectively manage our compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal team performs the basic function of reviewing and updating the form of contracts we enter into with our customers, partners, and suppliers. Our legal team examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations of business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

Our in-house legal team is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities, within the prescribed regulatory timelines. We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees’ violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Anti-bribery and Kick-back Risk Management

In terms of anti-bribery and kick-back prevention, we have implemented a series of policies and internal control measures against bribery and kick-back, which set forth procedures for implementing relevant anti-bribery procedures and setting out anti-bribery responsibilities for relevant personnel. We strictly prohibit bribery or other improper payments in any of our business operations according to our anti-bribery and kick-back prevention policies. Improper payments prohibited by such policies include bribes, kickbacks, falsification and alteration of accounting and business documents, or any other payment made or offered to obtain an undue business advantage. Moreover, we keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Payment made in violation of the anti-bribery and kick-back prevention policies is strictly prohibited. Our internal audit team is responsible for investigating the reported incidents and taking appropriate measures as necessary. We provide employees with adequate communication channels, establish whistleblower policy and encourage employees to take the initiative to seek guidance from us regarding the implementation of anti-bribery policies. During such investigations, our internal audit team complies with relevant laws and anti-bribery policies and provides written feedback as necessary.

BUSINESS

IMPLICATIONS OF INTERNATIONAL SANCTIONS AND EXPORT CONTROLS

The Relevant Jurisdictions maintain economic sanctions and trade restrictions targeting certain countries, individuals, entities as well as industries or sectors within countries/regions subject to International Sanctions. During the Track Record Period, we recorded sales to domestic and overseas customers, none of whom were located in any Sanctioned Country.

U.S. sanctions

U.S. sanctions consist of both primary sanctions and secondary sanctions. U.S. primary sanctions generally prohibit U.S.-nexus transactions (e.g., transactions settled in USD or those involving U.S. persons) involving individuals, entities and organizations that have been designated as Specially Designated Nationals (“SDNs”) by OFAC and entities owned 50% or more by one or more SDNs. Meanwhile, U.S. secondary sanctions authorize sanctions on non-U.S. persons who engage in certain significant or material transactions benefiting SDNs and entities owned 50% or more by one or more SDNs.

Our International Sanctions Legal Advisor has advised that our global business activities during the Track Record Period should not give rise to material risks under U.S. primary or secondary sanctions. This is because the Group did not conduct USD transactions or significant or material non-USD transactions with any SDNs or entities owned 50% or more by one or more SDNs..

U.S. export controls

During the Track Record Period, we used U.S.-origin EDA software and semiconductor IP blocks to design all our IC products, which are thus direct products of U.S. software and/or technology subject to the EAR. Our revenue derived from these chip products was RMB1.90 billion in total during the Track Record Period. Such sales activities should not give rise to material risks under U.S. export controls because:

- (i) We obtained BIS licenses for supplying certain EAR99 products to one entity on the BIS Entity List, and conducted a one-time supply of EAR99 products to the entity in strict compliance with such licenses during the Track Record Period.
- (ii) We supplied certain products to several other end users on the BIS Entity List during the Track Record Period. However, we do not consider the relevant products to be subject to the EAR because, as advised by our International Sanctions Legal Advisor, our products do not satisfy the product scope and/or end use scope of the applicable Foreign Direct Product rules under 15 CFR 734.9 of the EAR. Our supply of such products thus was not subject to U.S. export control restrictions.
- (iii) We supplied certain products to end users on the Non-SDN Chinese Military-Industrial Complex Companies List and/or the list published by the U.S. Department of Defense pursuant to Section 1260H of the National Defense Authorization Act for

BUSINESS

Fiscal Year 2021 (P.L. 116-283). U.S. sanctions and export controls do not outright prohibit us from dealing with such entities, although entities on these lists may potentially be subject to U.S. export restrictions that prohibit the supply of certain items subject to the EAR to certain “military end users.” That said, our products are not subject to the EAR and therefore our sales to end users on these lists do not implicate U.S. export control restrictions targeting “military end users.”

U.S. Outbound Investment Rule

Effective January 2, 2025 and subject to certain exceptions, the Outbound Investment Rule prohibits U.S. persons from, or requires notification to the U.S. government of, any (i) “covered transaction” involving (ii) a “covered foreign person” (iii) who is engaged in any “covered activity” involving the semiconductors and microelectronics, quantum information technologies and artificial intelligence sectors. Specifically in relation to the semiconductors and microelectronics sector, the Outbound Investment Rule prohibits U.S. investments into PRC companies that develop or produce any electronic design automation software for the design of integrated circuits or advance packaging, any semiconductor fabrication equipment, equipment for performing volume advanced packaging, or commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment; fabricate or package certain integrated circuits; or design any integrated circuit that meets or exceeds the performance parameters in Export Control Classification Number (“ECCN”) 3A090.a in the EAR (supplement No. 1 to 15 CFR part 774), or integrated circuits designed for operation at or below 4.5 Kelvin. On the other hand, designing integrated circuits that do not meet the above criteria require a notification to the U.S. government.

As advised by our International Sanctions Legal Advisor, we likely constitute a “covered foreign person” under the Outbound Investment Rule. This is because our Group engages in the design of integrated circuits, which is a “covered activity” under the Outbound Investment Rule. As advised by our International Sanctions Legal Advisor, we believe that U.S. persons’ [REDACTED] of shares through the [REDACTED] would not be a prohibited transaction under the Outbound Investment Rule given the nature of our business activities. Specifically,

- we do not develop or produce any electronic design automation software for the design of integrated circuits or advance packaging, any semiconductor fabrication equipment, equipment for performing volume advanced packaging, or commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment;
- we do not engage in integrated circuits fabrication or packaging; and
- we do not design any integrated circuit that meets or exceeds the performance parameters in ECCN 3A090.a in supplement No. 1 to 15 CFR part 774, or integrated circuits designed for operation at or below 4.5 Kelvin.

BUSINESS

That said, as advised by our International Sanctions Legal Advisor, U.S. persons would be required to notify the U.S. Department of Treasury of their acquisition of non-public shares through the [REDACTED]. Such notification obligation rests with the U.S.-person investors and we do not have any obligation to ensure that any such U.S.-person investors comply with the notification obligation. The Outbound Investment Rule also imposes no civil or criminal liability upon us if such U.S.-person investors fail to make such notification.

As such, our Directors, after taking into account the advice of our International Sanctions Legal Advisor, are of the view, to which the Sole Sponsor concurs, that the Outbound Investment Rule is not expected to have a material adverse impact on the Company’s operations, financial performance, [REDACTED] or investment prospects, because:

- Our major shareholders, Directors, and senior management are not U.S. persons pursuant to the Outbound Investment Rule;
- Investments by persons other than U.S. persons as defined under the Outbound Investment Rule are not subject to the Outbound Investment Rule; and
- While certain investments by U.S. persons in us may constitute “notifiable transactions” under the Outbound Investment Rule, an exception to the notification requirement allows U.S. persons to invest in our [REDACTED] on the Hong Kong Stock Exchange, so long as the [REDACTED] does not afford the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person. The exception, however, does not apply to non-public shares or equity interest acquired by U.S. investors and any such U.S. investors would need to notify the U.S. Treasury.

Other International Sanctions

As further advised by our International Sanctions Legal Advisor, our global business activities during the Track Record Period did not implicate restrictive measures adopted by the UN, EU, UK or Australia, because:

- (i) our business activities during the Track Record Period did not give rise to sufficient nexus with the EU, UK or Australia to trigger the application of their sanctions;
- (ii) our business activities in the EU which had EU nexus did not involve any Sanctioned Target; and
- (iii) we did not sell any goods subject to UN export controls and did not engage in any business activities with any party targeted by UN sanctions.

BUSINESS

Impact of COVID-19

Since the end of December 2019, the COVID-19 pandemic has had a significant adverse impact on the global economy. In response, countries and regions around the world, including Chinese Mainland, have implemented a variety of measures to curb the spread of the virus, including social distancing, travel restrictions, quarantine, and remote work.

We consider that the COVID-19 pandemic did not have any material adverse impact on our overall business and financial condition during the Track Record Period and up to the Latest Practicable Date. Such assessment was primarily based on the following considerations: (i) we did not experience any difficulty in obtaining timely and sufficient supplies; (ii) we did not experience any significant disruption in the production or delivery of our products and services to our customers, with only a few batches of products delivered to several small customers delayed for one to two weeks during the pandemic; and (iii) we did not experience any significant labor shortages due to the COVID-19 pandemic. As the COVID-19 outbreak has subsided since early 2023, we do not expect any further significant impact from COVID-19 going forward.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our financial information included in the Accountants’ Report in Appendix I to this document, together with the accompanying notes. Our financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in certain aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Business.”

For the purposes of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our fiscal years ended December 31 of 2022, 2023 and 2024, respectively.

OVERVIEW

We are a platform-based IC design company, and focus on delivering control chips and system solutions for a broad range of intelligent terminals. We operate a business model across two key segments of the technology value chain: chip products and lithium-ion battery anode materials, offering a wide variety of (i) MCUs (including general-purpose MCUs, specialized market chips and RF chips) and BMS chips under our chip products business line, and (ii) artificial graphite products and graphitization processing services under our lithium-ion battery anode material products business line.

We experienced continuing business growth throughout the Track Record Period.

- For our chip products business line, we achieved an increase of sales volume by 39.7% from 136.0 million units in 2022 to 189.9 million units in 2023, a further significant increase by 79.4% to 340.7 million units in 2024. During the nine months ended September 30, 2025, we sold 278.2 million units as compared to 244.5 million units in the nine months ended September 30, 2024, representing a 13.8% increase. We achieved growth in our sales volume as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. The revenue contribution by our chip products business was 38.3%, 40.2%, 47.6% and 48.4%, respectively, in each of the years/period of 2022, 2023, 2024 and the nine months ended September 30, 2025.

FINANCIAL INFORMATION

- For our lithium-ion battery anode materials business line, we achieved an increase in the sales volume of lithium-ion battery anode material products by 40.0% from 14.0 thousand tons in 2022 to 19.6 thousand tons in 2023, and further by 34.9% to 26.5 thousand tons in 2024 as a result of our customers’ continuing trust in our quality products leading to increased purchase orders. For the nine months ended September 30, 2025, we sold 20.4 thousand tons as a result of the increased market demand and our customers’ continuing trust in our quality products leading to increased purchase orders. The sales volume of our graphitization processing services decreased by 36.4% from 2.5 thousand tons in 2022 to 1.6 thousand tons in 2023 as we prioritized our inhouse demand in 2023, which bumped to 6.0 thousand tons in 2024, representing a 271.1% increase as compared to 2023, as our annual capacity for graphitization processing was enlarged after we completed construction of certain production lines at our manufacturing facility in Suizhou, Hubei in 2024. We processed 5.7 thousand tons in the nine months ended September 30, 2025 as we had completed certain production lines under our Suizhou Project resulting in our enlarged capacity for graphitization processing. The revenue contribution by our lithium-ion battery anode material business was 52.5%, 50.8%, 47.1% and 47.5%, respectively, in each of the years/period of 2022, 2023, 2024 and the nine months ended September 30, 2025.

Our financial performance was impacted by the challenges in the global MCU market since 2022 and lithium-ion battery anode materials since 2023, especially by the decrease of market price of chips and lithium-ion battery anode materials due to the temporary over-supply in the market. We have taken various measures including controlling the raw material and manufacturing costs, expanding into new markets and developing new customers, through which we have effectively mitigated the adverse impact of market challenges. We are also upgrading our product portfolio especially by developing and promoting high-end products with higher selling price and profit margin, which will further enhance our financial performance. Our revenue remained relatively stable at RMB1,195.4 million, RMB1,036.8 million and RMB1,167.6 million in 2022, 2023 and 2024, respectively. For the nine months ended September 30, 2025, our revenue amounted to RMB958.3 million. Our gross profit decreased from RMB426.0 million in 2022 to RMB18.0 million in 2023, bounced back to RMB182.4 million in 2024. Our gross profit for the nine months ended September 30, 2025 amounted to RMB182.7 million. Our loss for the year increased from RMB18.9 million in 2022 to RMB594.0 million in 2023; nevertheless, we managed to narrow down such loss by 56.9% to RMB255.7 million in 2024. For the nine months ended September 30, 2025, our loss amounted to RMB75.7 million. Our loss for the year attributable to the owner of the Company increased from RMB32.5 million in 2022 to RMB571.5 million in 2023, and narrowed down by 58.8% to RMB235.3 million 2024. Our loss for the period attributable to the owner of the Company further narrowed down to RMB73.7 million in the nine months ended September 30, 2025. After market supply and demand re-balancings, we are optimistic about the future growth prospects of the two industries. According to CIC, the government has also continuously introduced favorable policies that are conducive to the stable development of the market. We believe that a favorable regulatory environment and favorable market trend will further promote our growth in sales and financial results in the long run.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial performance are principally affected by the following factors:

The growth of MCU market and lithium-ion battery anode materials market and our expanding products and services portfolio

Our future success significantly depends on the growth of the markets we compete in, as well as our ability to consistently innovate and improve our existing products and services, and develop new products and services, and expand our products and services into new applications in line with the industry trend.

Our chip products business is generally impacted by the growth of the global and China MCU markets. The global MCU market grew from US\$19.8 billion in 2019 to US\$29.9 billion in 2024, representing a CAGR of 8.6%, and is expected to continue expanding at a rapid pace, reaching US\$48.0 billion by 2029 with a projected CAGR of 9.9%. China MCU market has experienced rapid growth, expanding from RMB36.8 billion in 2019 to RMB63.3 billion in 2024, representing a CAGR of 11.5%, and is expected to maintain its high growth trajectory, reaching RMB111.4 billion by 2029 with a projected CAGR of 12.0%. Emerging applications such as AI, robotics, new energy, and low-altitude economy will be primary drivers of this growth. In particular, the rapid development of AI and edge computing is creating strong demand for high-end MCUs with on-device inference capabilities, security algorithm processing, and superior power efficiency. Leveraging our core technologies in heterogeneous multi-core architecture, AI algorithm support, cryptographic modules, and power consumption management, our products have been well adopted in edge intelligence, energy storage control, and humanoid robotics, visionarily aligning closely with industry trends.

During the Track Record Period, we primarily focus on MCU products in our chip products business, the downstream applications of which primarily span consumer electronics, industrial control and digital energy, smart home, automotive electronics, and medical electronics. In addition to the five traditional sectors, we are also actively expanding into emerging strategic sectors such as AI, robotics, new energy, and the low-altitude economy, and have made substantial progress in product deployment. We believe we are well positioned to grasp the market opportunities leveraging our competitive products portfolio and technologies.

Our lithium-ion battery anode materials business is generally impacted by the growth of China lithium-ion battery anode materials market, the shipment volume of which grew rapidly from 0.3 million tons in 2019 to 2.1 million tons in 2024, representing a CAGR of 47.6%. China’s global market share also jumped from 75% in 2019 to 95% in 2024. The China lithium-ion battery anode materials market is projected to continue expanding at a CAGR of 17.0%, reaching 4.6 million tons by 2029. China’s global market share is expected to exceed 90% in 2025 and remain above 95% over the long term, with a projected market share of 96% in 2029.

FINANCIAL INFORMATION

Our lithium-ion battery anode materials business was marked by artificial graphite, while also exploring across multiple technologies, including silicon-carbon composites and hard carbon architectures, with wide applications in new energy vehicles, energy storage systems, and portable devices. Our customers include leading battery manufacturers across the industry. We are also exploring the integrated application of BMS control chips and lithium-ion battery anode materials within the same customer ecosystem, offering integrated solutions with system-level efficiency optimization, safety assurance, and cost control. This renders us to build a full-stack intelligent energy control platform, enhancing our resilience and growth potential across business cycles.

Continuous investment in R&D capabilities

During the Track Record Period, our R&D activities were primarily conducted for our chip products business, while we also explored new techniques and development of new products for our lithium-ion battery anode materials business. We have built a proprietary, full-stack IC design platform that encompasses integrated product development (“IPD”) process, an extensive inhouse reusable IP library and comprehensive SDK development capabilities. This platform underpins the development of our chip products — including MCUs (including general-purpose MCUs, specialized market chips and RF chips) and BMS chips — and forms the foundation for our rapid, reliable, and scalable IC design and delivery capabilities. Our IPD process, IP ecosystem and SDK ecosystem enable rapid productization and competitive time-to-market performance. These platform capabilities have been instrumental in supporting our leadership in domestic MCU innovation and have laid a technical foundation for our expansion into AI, robotics, and automotive-grade chip markets. To maintain and enhance our technology leadership in the industry, we have made, and will continue to make, significant investments in upgrading our R&D capabilities. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business.

Development of our various products require excellent design capabilities and sufficient experience along with a thorough, in-depth and systematic understanding of products and functionalities. We are supported by a robust R&D team of 283 dedicated employees, who are primarily located in Shenzhen, Singapore, Beijing, Shanghai, Xi’an and Wuhan as of September 30, 2025, many of whom are engineers with profound expertise in technology and material innovation, with over 86% of them hold a bachelor’s degree or above and over 27% of them hold a master’s degree or above. As of September 30, 2025, our R&D team bring an average of 12 years of work experience and five years of tenure with our Company. We will continue to invest resources to attract and retain more talented R&D personnel and further enhance our R&D capabilities.

FINANCIAL INFORMATION

Our ability to expand and efficiently manage our sales network

We employ an approach that combines distribution and direct sales. Chip products are primarily distributed through distributors, leveraging distributors’ resources to stay aligned with market trends, develop high-quality customer, and ensure rapid delivery, thereby mitigating financial risks and operational management pressures. Lithium-ion battery anode materials are marketed directly, primarily because lithium-ion battery anode materials are key staple materials in the production of lithium-ion battery plants, who are our key downstream customers and market participants in this industry are highly concentrated.

For each of the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our total sales to distributors amounted to RMB339.2 million, RMB331.5 million, RMB475.3 million and RMB419.6 million, respectively, accounting for 28.4%, 32.0%, 40.7% and 43.8%, respectively, of our revenue for the corresponding years/period. Our distributor customers primarily engage in distribution and sales of semiconductors and provision of product solutions. In general, we maintain good business relationship with our current distributors during the Track Record Period. Through our distribution channels, we are able to focus on the design aspects of chip products and optimize our design capabilities. See “Business — Our Distribution Channels.” Going forward, we aim to attract and establish long-term business relationship with new distributors by expanding our sales and marketing team, participating in industry exhibitions, strengthening our brand promotion, providing sufficient technical support and after-sales services, and collaborating with top market players in the industry. We also plan to continuously improve the abilities of our in-house sales and marketing team members.

In each of the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our direct sale revenue amounted to RMB856.2 million, RMB705.3 million, RMB692.3 million and RMB527.8 million, respectively, accounting for 71.6%, 68.0%, 59.3% and 55.1%, respectively, of our total revenue for the corresponding years/period. Our direct sale customers under our chip products business line are primarily in financial payment and trusted computing sectors. Our direct sale customers under our lithium-ion battery anode materials business line procure our products for the manufacturing of power batteries, energy storage batteries and consumer batteries. We consider it critical to diversify our revenue stream and plan to deepen our collaboration with existing direct sale customers and attract and establish long-term business relationship with new direct sale customers in the near future.

Relationship with our major suppliers

Our suppliers primarily include companies with business operations in R&D, manufacturing or sales of wafers and relevant components and devices, packaging and testing, utility providers, and suppliers of base materials for lithium-ion battery anode material production such as needle coke and petroleum coke. Our ability to maintain long-term stable business relationship with these major suppliers to provide us with quality and price competitive raw materials and services on a timely basis is crucial for our business development and results of operations.

FINANCIAL INFORMATION

General conditions affecting the industries in which we operate

Our results of operations are affected by general conditions that typically affect the market we compete in, primarily including:

- global demand for chip products and lithium-ion battery anode materials;
- the overall economic conditions especially in Chinese Mainland;
- competition in the MCU market and lithium-ion battery anode materials market;
- the advancement in technologies relating to chip products and lithium-ion battery anode materials; and
- government regulations, policies and initiatives affecting our business and operations, particularly in Chinese Mainland, and changes in international relations and tariffs.

BASIS OF PRESENTATION

Our consolidated financial statements 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. For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified various accounting policies that are material to the preparation of our financial information, and the understanding of our financial condition and results of operations, details of which are disclosed in note 3 of the Accountants’ Report in Appendix I to this document.

Our Directors are required to make judgments, estimates and assumptions that affect our application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on our historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

FINANCIAL INFORMATION

The estimates and underlying assumptions are reviewed by our management 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, details of which are disclosed in note 4 of the Accountants’ Report in Appendix I to this document.

The following paragraphs discuss, among others, our material accounting policies, estimates and judgments applied in preparing our financial information:

Revenue Recognition

Revenue is primarily generated from the sales of chip products, lithium-ion battery anode material products and provision of other goods and services in Chinese Mainland and Hong Kong.

Sales of chip products

Revenue from the domestic sale of chip products to the distributors or ultimate customers is recognized at a point in time when the chip products are delivered to the distributors and the customers’ designated locations, and the distributors or the ultimate customers have confirmed the acceptance of the products. Upon confirming the acceptance, the distributor and the ultimate customers have the right to sell the products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas sales of chip products is recognized when the chip products have been declared to the customs and loaded on board in accordance with the sales contract.

Sales of lithium-ion battery anode material products

Revenue from the domestic sale of lithium-ion battery anode material products to the customers is recognized at a point in time when the lithium-ion battery anode material products are delivered to the customers’ designated locations, and the customers have confirmed the acceptance of the products.

Others

The Group also provides goods and services to customers, such as sales of smart locks and scrap materials, provision of technical and development services. Revenues are recognized at a point in time upon transfer of goods to the customers or completion of the services.

FINANCIAL INFORMATION

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 we must incur to make the sale.

Determination of net value of inventories

Inventories mainly include chip products and lithium-ion battery anode material products. The net realizable values are subject to fluctuation of market prices of the relevant products. When there is a downward trend in the market, the selling price of the finished goods may decrease which imposes pressures to the net realizable values. Inventories are stated at the lower of cost and net realizable value with carrying amount of RMB923.2 million, RMB621.0 million, RMB621.0 million and RMB649.0 million, net of allowance for inventories of RMB83.7 million, RMB174.1 million, RMB166.4 million and RMB149.4 million, as at December 31, 2022, 2023, 2024 and September 30, 2025, respectively.

Research and Development expenses

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.

FINANCIAL INFORMATION

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Share-Based Payments

We have a share incentive plan adopted in 2021 (the “**Share Incentive Scheme of the Company**”), under which we receive services from employees as consideration for restricted shares of our Company. In 2022, Inner Mongolia Sinuo New Material Technology Co., Ltd. (內蒙古斯諾新材料科技有限公司, “**Inner Mongolia Sinuo**”), our non-wholly owned subsidiary, launched a share incentive scheme (the “**Share Incentive Scheme of Sinuo**”) in relation to granting its shares to eligible employees. The fair value of the services received in exchange for the grant of equity instruments is recognized as an expense on the consolidated statements of profit or loss with a corresponding increase in equity.

Equity-settled share-based payments to employees providing similar services 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 using graded vesting method over the vesting period, based on the our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, we revise our 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 share-based payment reserve. For equity instruments that vest immediately at the date of grant, the fair value of the equity instruments is expensed immediately to profit or loss.

When equity instruments are exercised, the amount previously recognized in share-based payment reserve will be transferred to share capital and capital reserve. When the equity instruments are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payment reserve will be transferred to capital reserve.

When share incentive scheme is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the share incentive scheme is recognized immediately.

At each reporting period end, we revise the estimates of the number of equity instruments that are expected to ultimately vest. We recognize the impact of the revision to original estimates, if any, in the combined statements of profit or loss, with a corresponding adjustment to equity.

FINANCIAL INFORMATION

Impairment of Financial Assets Subject to Impairment Assessment under IFRS 9

We perform impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, trade and bills receivables at fair value through other comprehensive income (“FVTOCI”), restricted bank balances and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each 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. Assessments are done based on our 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.

We always recognize lifetime ECL for trade and bills receivables at amortized cost and FVTOCI. The ECL on these assets are assessed individually for debtors with significant balances and credit-impaired and/or collectively using a collective basis with appropriate groupings.

For all other instruments, we measure the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case we recognize 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.

Estimated Impairment of Intangible Assets

Intangible assets are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, we have to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), we estimate the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to uncertainties.

FINANCIAL INFORMATION

Details of the impairment of intangible assets are disclosed in note 21 to the Accountants’ Report as set out in Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our statements of profit or loss and other comprehensive income, with line items in absolute amounts and as a percentage of our revenue for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB’000	% of Revenue	RMB’000	% of Revenue	RMB’000	% of Revenue	RMB’000	% of Revenue	RMB’000	% of Revenue
Revenue	1,195,411	100.0	1,036,753	100.0	1,167,550	100.0	820,994	100.0	958,315	100.0
Cost of sales	(769,391)	(64.4)	(1,018,742)	(98.3)	(985,158)	(84.4)	(665,459)	(81.1)	(775,629)	(80.9)
– Cost of sales of goods and services	(751,676)	(62.9)	(895,311)	(86.4)	(932,159)	(79.9)	(660,358)	(80.5)	(770,719)	(80.4)
– Write-down of inventories	(17,715)	(1.5)	(123,431)	(11.9)	(52,999)	(4.5)	(5,101)	(0.6)	(4,910)	(0.5)
Gross profit	426,020	35.6	18,011	1.7	182,392	15.6	155,535	18.9	182,686	19.1
Other income	52,248	4.4	41,327	4.0	56,695	4.9	42,023	5.1	26,196	2.7
Other gains and losses	65,652	5.5	(143,807)	(13.9)	(46,440)	(4.0)	(22,395)	(2.7)	(1,808)	(0.2)
Impairment losses under ECL model, net of reversal	144	–	(5,457)	(0.5)	(436)	–	(5,259)	(0.6)	(4,272)	(0.4)
Selling expenses	(61,791)	(5.2)	(43,615)	(4.2)	(43,788)	(3.8)	(28,307)	(3.4)	(33,704)	(3.5)
Administrative expenses	(157,389)	(13.2)	(115,626)	(11.2)	(162,834)	(13.9)	(126,187)	(15.4)	(76,851)	(8.0)
Research and development expenses	(295,316)	(24.7)	(284,737)	(27.4)	(186,831)	(16.0)	(137,329)	(16.7)	(120,082)	(12.6)
Finance costs	(37,377)	(3.1)	(70,016)	(6.8)	(67,842)	(5.8)	(52,262)	(6.4)	(58,304)	(6.1)
Loss before taxation	(7,809)	(0.7)	(603,920)	(58.3)	(269,084)	(23.0)	(174,181)	(21.2)	(86,139)	(9.0)
Income tax	(11,121)	(0.9)	9,930	1.0	13,360	1.1	8,157	1.0	10,393	1.1
Loss for the year/period	(18,930)	(1.6)	(593,990)	(57.3)	(255,724)	(21.9)	(166,024)	(20.2)	(75,746)	(7.9)
Owners of the Company	(32,485)	(2.7)	(571,524)	(55.1)	(235,342)	(20.2)	(149,354)	(18.2)	(73,740)	(7.7)
Non-controlling interests	13,555	1.1	(22,466)	(2.2)	(20,382)	(1.7)	(16,670)	(2.0)	(2,006)	(0.2)
Other comprehensive income (expense) for the year/period, net of income tax	13,122	1.1	1,024	0.1	(1,051)	(0.1)	159	–	(466)	–
Total comprehensive expense for the year/period	(5,808)	(0.5)	(592,966)	(57.2)	(256,775)	(22.0)	(165,865)	(20.2)	(76,212)	(7.9)
Loss per share										
– Basic in RMB	(0.06)	N/A	(1.00)	N/A	(0.40)	N/A	(0.26)	N/A	(0.13)	N/A
– Diluted in RMB	(0.06)	N/A	(1.00)	N/A	(0.40)	N/A	(0.26)	N/A	N/A	N/A

FINANCIAL INFORMATION

NON-IFRS MEASURE

To supplement our historical financial information which are presented in accordance with IFRS, we use a non-IFRS measure as additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted by adding back share-based payments relating to the Share Incentive Scheme of the Company and the Share Incentive Scheme of Sinuo, which is non-cash in nature.

We believe that this measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure 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.

The following table reconciles our adjusted net profit (loss) (a non-IFRS measure) for the year or period presented to profit (loss) for the year or 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
Loss for the year/period .	(18,930)	(593,990)	(255,724)	(166,024)	(75,746)
Add:					
Share-based payments . . .	<u>138,088</u>	<u>3,332</u>	<u>63,988</u>	<u>63,988</u>	<u>—</u>
Adjusted net profit (loss)					
(non-IFRS measure) . .	<u><u>119,158</u></u>	<u><u>(590,658)</u></u>	<u><u>(191,736)</u></u>	<u><u>(102,036)</u></u>	<u><u>(75,746)</u></u>

FINANCIAL INFORMATION

Revenue

Revenue by Business Line

During the Track Record Period, we generated our revenue from (i) sales of chip products, (ii) sales of lithium-ion battery anode material products and graphitization processing services, and (iii) other products and services primarily including leasing of real properties, sales of smart door lock SoC and smart door lock motherboards, and solutions for smart door lock installation, sales of auxiliary materials in our production and tailings of graphite products (by-products from production), which have a high calorific value and could be used for different industries including, among others, steel-making and power generation, and provision of technical services. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as a percentage of our revenue, for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Sales of chip products	458,236	38.3	417,141	40.2	555,724	47.6	399,961	48.7	463,912	48.4
Sales of lithium-ion battery anode material products and graphitization processing services	627,337	52.5	526,892	50.9	549,421	47.1	377,392	46.0	455,048	47.5
Others	109,838	9.2	92,720	8.9	62,405	5.3	43,641	5.3	39,355	4.1
Total	1,195,411	100.0	1,036,753	100.0	1,167,550	100.0	820,994	100.0	958,315	100.0

The following table sets forth the details of the sales volumes and the average sales price of our chips products and lithium-ion battery anode material products and graphitization processing services:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Chip Products					
– Revenue (RMB'000)	458,236	417,141	555,724	399,961	463,912
– Sales Volume ('000 unit)	135,968	189,933	340,683	244,538	278,193
– Average Price Per Unit (RMB)	3.4	2.2	1.6	1.6	1.7

FINANCIAL INFORMATION

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Lithium-Ion Battery Anode					
Material Products					
– Revenue (<i>RMB’000</i>)	560,802	505,125	499,750	347,201	408,140
– Sales Volume (<i>Ton</i>)	14,012	19,619	26,468	18,457	20,362
– Average Price Per Ton (<i>RMB’000</i>)	40.0	25.7	18.9	18.8	20.0
Graphitization Processing					
Services^{note}					
– Revenue (<i>RMB’000</i>)	53,886	19,668	46,841	27,360	44,930
– Sales Volume (<i>Ton</i>)	2,533	1,611	5,978	3,367	5,735
– Average Price Per Ton (<i>RMB’000</i>)	21.3	12.2	7.8	8.1	7.8

Note: For the purpose of calculating the average price per ton for our graphitization processing services, we have excluded revenue from certain miscellaneous services that are related to the graphitization and lithium-ion battery anode material production process (such as carbonization and cladding). Revenue from such miscellaneous services amounted to RMB12.6 million, RMB2.1 million, RMB2.8 million, RMB2.8 million and RMB2.0 million for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Our financial performance was impacted by the challenges in the global MCU market since 2022 and lithium-ion battery anode materials since 2023, especially by the decrease of market price of chips and lithium-ion battery anode materials due to the temporary over-supply in the market. Nevertheless, we maintained our business growth through various measures especially by expanding into new markets and developing new customers.

For our chip products business line, we achieved an increase of sales volume by 39.7% from 136.0 million units in 2022 to 189.9 million units in 2023, a further significant increase by 79.4% to 340.7 million units in 2024, and an increase of 13.8% from 244.5 million units in the nine months ended September 30, 2024 to 278.2 million units in the nine months ended September 30, 2025, as we seized the market opportunity by strengthening the relationships of existing customers, developing new customers and expanding into new markets.

FINANCIAL INFORMATION

For our lithium-ion battery anode materials business line, we achieved an increase in the sales volume of lithium-ion battery anode material products by 40.0% from 14.0 thousand tons in 2022 to 19.6 thousand tons in 2023, and further by 34.9% to 26.5 thousand tons in 2024 as a result of our customers’ continuing trust in our high quality products leading to increased purchase orders. For the nine months ended September 30, 2025, we sold 20.4 thousand tons as a result of the increased market demand and our customers’ continuing trust in our quality products leading to increased purchase orders; the sales volume of our graphitization processing services decreased by 36.4% from 2.5 thousand tons in 2022 to 1.6 thousand tons in 2023 as we prioritized our inhouse demand in 2023, which bumped to 6.0 thousand tons in 2024, representing a 271.1% increase as compared to 2023, as our annual capacity for graphitization processing was enlarged after we completed construction of certain production lines at our manufacturing facility in Suizhou, Hubei in 2024. We processed 5.7 thousand tons in the nine months ended September 30, 2025 as we had completed certain production lines under our Suizhou Project resulting in our enlarged capacity for graphitization processing.

The average price per unit for our chip products business has been decreasing from 2022 to 2024 and become stabilized from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, which is consistent with the general market trend and is also affected by the composition of products sold during the relevant period. The average price per ton for our lithium-ion battery anode material products and graphitization processing services has been decreasing from 2022 to 2024, which is consistent with the price trend of the graphite anode materials market during the same period. The average price per ton for our lithium-ion battery anode material products increased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, which is consistent with the general market trend and is also affected by the composition of products sold during the relevant period. The average price per ton for our graphitization processing services decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025 due to market competition.

As a result of the above, our revenue remained relatively stable at RMB1,195.4 million, RMB1,036.8 million and RMB1,167.6 million in 2022, 2023 and 2024, respectively. Our revenue increased by 16.7% from RMB821.0 million in the nine months ended September 30, 2024 to RMB958.3 million in the same period in 2025.

FINANCIAL INFORMATION

Revenue by Geographical location

The following table sets forth a breakdown of our revenue by geographical location, determined by the location of our customers, in absolute amounts and as a percentage of our revenue, for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Chinese Mainland	1,121,650	93.8	1,022,274	98.6	1,135,845	97.3	798,340	97.2	946,611	98.8
Overseas ⁽¹⁾	73,761	6.2	14,479	1.4	31,705	2.7	22,654	2.8	11,704	1.2
Total	1,195,411	100.0	1,036,753	100.0	1,167,550	100.0	820,994	100.0	958,315	100.0

Note:

1. Our overseas revenue in the Track Record Period was primarily generated from Hong Kong of China and South Korea.

Our revenue from Chinese Mainland contributed a significant proportion of our total revenue during the Track Record Period, accounting for 93.8%, 98.6%, 97.3%, 97.2% and 98.8% of our revenue in 2022, 2023, 2024 and in the nine months ended September 30, 2024 and 2025, respectively. Our revenue generated from overseas in 2022 was higher than 2023 and 2024, primarily attributable to our sales of chips to a new customer in South Korea in 2022. The decrease in revenue generated from the overseas from the nine months ended September 30, 2024 to the same period in 2025 was mainly attributable to reduced purchases from one of our customers as the majority of transactions with such customer were conducted through Renminbi accounts instead of overseas accounts.

Cost of Sales

Our cost of sales consisted of (i) procurement cost of raw materials, (ii) manufacturing costs, (iii) labor costs, (iv) write-down of inventories, (v) taxes and surcharges, and (vi) others. The fluctuation of our cost of sales was primarily impacted by the write-down of inventories, sales volume and price of raw materials during the Track Record Period.

FINANCIAL INFORMATION

The following table sets forth a breakdown of cost of sales by nature for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Raw materials	385,992	50.2	477,725	46.9	526,349	53.4	379,685	57.0	410,361	52.9
Manufacturing costs . .	265,752	34.5	300,952	29.6	310,265	31.5	220,116	33.0	290,008	37.4
Labor costs	42,172	5.5	49,377	4.8	49,424	5.0	37,609	5.7	47,056	6.1
Write-down of inventories	17,715	2.3	123,431	12.1	52,999	5.4	5,101	0.8	4,910	0.6
Taxes and surcharges . .	8,735	1.1	6,915	0.7	8,440	0.9	3,496	0.5	4,250	0.5
Others ⁽¹⁾	49,025	6.4	60,342	5.9	37,681	3.8	19,452	3.0	19,044	2.5
Total	769,391	100.0	1,018,742	100.0	985,158	100.0	665,459	100.0	775,629	100.0

Note:

(1) Others mainly include direct costs relating to our provision of technical services and other products.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

The following table sets forth a breakdown of gross profit and gross profit margin by business line for the years or 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'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales of chip products .	205,519	44.9	36,066	8.6	132,457	23.8	121,402	30.4	140,419	30.3
Sales of lithium-ion battery anode material products	162,583	25.9	(49,107)	(9.3)	27,003	4.9	9,944	2.6	21,956	4.8
Others	57,918	52.7	31,052	33.5	22,932	36.7	24,189	55.4	20,311	51.6
Total	426,020	35.6	18,011	1.7	182,392	15.6	155,535	18.9	182,686	19.1

Our gross profit decreased from RMB426.0 million in 2022 to RMB18.0 million in 2023, while our gross profit margin decreased from 35.6% in 2022 to 1.7% in 2023, primarily due to the impact of the changes of global MCU market and lithium-ion battery anode materials market, which experienced a decrease of product selling price since 2023 due to the temporary over-supply in the market, as a result of which we made a significant amount of write-down of inventories in 2023. As we have taken various measures including controlling raw materials

FINANCIAL INFORMATION

and manufacturing costs, expanding into new markets and developing new customers, our gross profit bounced back to RMB182.4 million in 2024, with a significantly improved gross profit margin of 15.6%. Our gross profit increased from RMB155.5 million for the nine months ended September 30, 2024 to RMB182.7 million for the same period in 2025, primarily driven by the continued expansion of our sales, with significant growth in revenue from our products; and ongoing optimization of product formulations, process improvements, and enhanced production efficiency.

The following table sets forth a breakdown of gross profit and gross profit margin by business line for the years or periods before write-down of inventories 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'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales of chip products	212,541	46.4	112,689	27.0	170,639	30.7	121,407	30.4	140,419	30.3
Sales of lithium-ion battery anode material products and graphitization processing services	171,452	27.3	(2,940)	(0.6)	40,527	7.4	14,895	3.9	26,866	5.9
Others	59,742	54.4	31,693	34.2	24,225	38.8	24,334	55.8	20,311	51.6
Subtotal/Overall	443,735	37.1	141,442	13.6	235,391	20.2	160,636	19.6	187,596	19.6
Write-down of inventories	(17,715)	N/A	(123,431)	N/A	(52,999)	N/A	(5,101)	N/A	(4,910)	N/A
– Chip products	(7,022)	N/A	(76,623)	N/A	(38,182)	N/A	(5)	N/A	–	N/A
– Lithium-ion battery anode material products and graphitization processing services	(8,869)	N/A	(46,167)	N/A	(13,524)	N/A	(4,951)	N/A	(4,910)	N/A
– Others	(1,824)	N/A	(641)	N/A	(1,293)	N/A	(145)	N/A	–	N/A
Total/Overall	426,020	35.6	18,011	1.7	182,392	15.6	155,535	18.9	182,686	19.1

The gross profit margin of our chip products business and lithium-ion battery anode material products and graphitization processing services business both experienced a decline from 2022 to 2023 due to the impact of the changes of global MCU market and lithium-ion battery anode materials market, which experienced a decrease of product selling price due to temporary over-supply — as a result we also made a significant amount of write-down of inventories in 2023. The gross profit margin of our chip products business and graphitization processing services business both improved from 2023 to 2024, and remained stable for the nine months ended September 30, 2024 and 2025, as market supply and demand gradually re-balanced.

FINANCIAL INFORMATION

Revenue, Gross Profit and Gross Profit Margin

(A) Sales of chip products by industry

	Year ended December 31,			Nine months ended September 30,					
	2022			2023			2024		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sales of chip products									
Consumer electronics	221,799	91,614	41.3	231,300	51,998	22.5	206,366	59,167	28.7
Industrial control and digital energy . .	109,957	54,231	49.3	92,392	31,723	34.3	86,162	28,041	32.5
Smart home	63,501	29,852	47.0	57,258	18,884	33.0	68,696	21,255	30.9
Automotive electronics	21,643	9,909	45.8	31,854	8,701	27.3	35,225	11,815	33.5
Medical electronics	41,336	26,935	65.2	4,337	1,383	31.9	3,512	1,129	32.1
Sales of chip products before write-down of chip products	458,236	212,541	46.4	417,141	112,689	27.0	399,961	121,407	30.4
Write-down of chip products ^(Note 1) . . .	—	(7,022)	N/A	—	(76,623)	N/A	—	(5)	N/A
Sales of chip products after write-down of chip products	458,236	205,519	44.9	417,141	36,066	8.6	399,961	121,402	30.4

Note 1: The write-down of chip products were related to the inventories as at the respective year/period end and thus were unable to be allocated to each downstream industry.

FINANCIAL INFORMATION

Sales of chip products by industry

During the Track Record Period, we have derived a majority of our revenue from three industries, namely consumer electronics, industrial control and digital energy and smart home. Revenue from these three industries, in aggregate, accounted for 86.3%, 91.3%, 89.9% and 89.7% in 2022, 2023 and 2024, and for the nine months ended September 30, 2025, respectively. Set out below is the fluctuation in terms of revenue and gross profit margin for these three industries:

(1) Consumer electronics

Revenue generated from consumer electronic industry remain relatively stable in 2022 and 2023 as a result of temporary over-supply in the consumer electronics industry putting pressure on prices of MCUs in 2023, which was offset by the increase in sales volume of the products we sold as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. The gross profit margin decreased from 41.3% in 2022 to 22.5% in 2023 primarily due to the decrease in selling price of our products while raw material costs saw a slight increase in general.

Revenue generated from consumer electronic industry increased from RMB231.3 million in 2023 to RMB285.7 million in 2024, primarily due to the increase in sales volume as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. Since March 2024, the Chinese government has introduced a “trade-in” policy targeting, among others, consumer electronic sector. This policy has stimulated end-demand in the consumer electronics industry through subsidies. At the same time, adjustments in raw material costs, inventory alignment, and eased competitive pressures within this industry, together with our effective cost control measures adopted to control our raw material cost and manufacturing cost, contributed to an improvement in gross profit margin.

Revenue generated from consumer electronic industry increased from RMB206.4 million for the nine months ended September 30, 2024 to RMB207.2 million for the nine months ended September 30, 2025 primarily due to the increase in sales volume as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. The gross profit margin remained stable for the nine months ended September 30, 2024 and for the nine months ended September 30, 2025.

(2) Industrial control and digital energy

Revenue generated from industrial control and digital energy decreased from RMB110.0 million in 2022 to RMB92.4 million in 2023 primarily due to the general decrease of our selling price. In 2023, the global semiconductor industry experienced an inventory destocking cycle with weak downstream demand, which also affected this industry. The gross profit margin decreased from 49.3% in 2022 to 34.3% in 2023, primarily to our decrease in selling price.

FINANCIAL INFORMATION

Revenue generated from industrial control and digital energy increased from RMB92.4 million in 2023 to RMB119.9 million in 2024 primarily due to the increase in sales volume as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. The gross profit margin decreased from 34.3% in 2023 to 32.7% in 2024 primarily due to the general decrease in our selling price.

Revenue generated from industrial control and digital energy increased from RMB86.2 million for the nine months ended September 30, 2024 to RMB132.0 million for the nine months ended September 30, 2025 primarily due to the increase in sales volume as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. The gross profit margin remained stable for the nine months ended September 30, 2024 and for the nine months ended September 30, 2025.

(3) *Smart home*

Revenue generated from smart home decreased from RMB63.5 million in 2022 to RMB57.3 million in 2023 primarily due to the general decrease of our selling price. In 2023, the global semiconductor industry experienced an inventory destocking cycle with weak downstream demand, which also affected this industry. The gross profit margin decreased from 47.0% in 2022 to 33.0% in 2023 primarily due to the general decrease of our selling price.

Revenue generated from smart home RMB57.3 million in 2023 to RMB93.9 million in 2024 primarily due to the increase in sales volume as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. The gross profit margin remained stable in 2023 and 2024.

Revenue generated from smart home RMB68.7 million for the nine months ended September 30, 2024 to RMB76.8 million for the nine months ended September 30, 2025 primarily due to the increase in sales volume as we seized the market opportunity by strengthening the relationships of existing customers, optimizing product offerings, developing new customers and expanding into new markets. The gross profit margin remained stable for the nine months ended September 30, 2024 and 2025.

Our high-performance chip products are primarily applied in consumer electronics, smart home, industrial control and digital energy. These industries have all experienced recovery or growth in the nine months ended September 30, 2025. For instance, global deployments of battery energy storage systems (BESS) rose by 54% year-on-year. Industrial control sectors entered a “repair” phase, smart home sectors remain in a weak recovery phase, but both are projected to achieve mild growth for the year, driven by emerging markets. The overall stabilization and partial growth in intelligent terminal across sectors, combined with increasing demand for high-performance 32-bit MCUs driven by high-end and intelligent applications, are favorable to our future commercialization progress.

FINANCIAL INFORMATION

Lithium-ion battery anode material products

Revenue from lithium-ion battery anode material products decreased from RMB560.8 million in 2022 to RMB505.1 million in 2023 primarily due to the decrease of average selling price of lithium-ion battery anode materials in 2023. The lithium-ion battery anode material products turned from gross profit margin of 24.0% in 2022 to gross loss margin of 9.7% in 2023 primarily due to the decrease of average selling price of lithium-ion battery anode materials, coupled with the significant write-down of lithium-ion battery anode material products.

Revenue from lithium-ion battery anode material products slightly decreased from RMB505.1 million in 2023 to RMB499.8 million in 2024 primarily due to the decrease of average selling price of lithium-ion battery anode materials in 2024. The lithium-ion battery anode material products turned from gross loss margin of 9.7% in 2023 to gross profit margin of 7.1% in 2024 primarily due to effective control measures adopted to control our raw materials and manufacturing costs in 2024.

Revenue from lithium-ion battery anode material products increased from RMB347.2 million for the nine months ended September 30, 2024 to RMB408.1 million for the nine months ended September 30, 2025 primarily due to increase in the sales volume and in selling price of our products. The gross profit margin of lithium-ion battery anode material increased from 4.5% for the nine months ended September 30, 2024 to 8.6% for the nine months ended September 30, 2025 primarily due to the increase in the selling price of our products together with our effective cost control measures adopted to control our raw material costs and manufacturing costs.

Our lithium-ion battery anode material products are mainly used in batteries, reflected directly in EV and BESS shipment volumes. Similarly, the recent surge in sales, coupled with sustained and stable demand for high-performance lithium-ion battery anode materials products, represents an optimistic market signal for our business growth.

Graphitization processing services

Revenue from graphitization processing services substantially decreased from RMB53.9 million in 2022 to RMB19.7 million in 2023 primarily due to decrease in sale volume as we prioritized our increased in-house demand and the decreasing price trend of these services. Our graphitization processing services turned from gross profit margin of 44.0% in 2022 to gross loss margin of 1.8% in 2023 primarily due to our decrease in selling price.

Revenue from graphitization processing services substantially increased from RMB19.7 million in 2023 to RMB46.8 million in 2024 primarily due to the increase in volume we provided our services as we had completed certain production lines under our Suizhou Project resulting in our enlarged capacity for graphitization processing.

FINANCIAL INFORMATION

Despite the increase of our revenue from graphitization processing services, our gross loss increased from RMB0.4 million in 2023 to RMB9.3 million in 2024, and our gross loss margin increased from 1.8% in 2023 to 19.8% in 2024 primarily due to the decreasing price trend of our service fees, together with the increase in fixed costs allocation and electricity costs in relation to the new production of our Suizhou Project in 2024.

Revenue from graphitization processing services increased from RMB27.4 million in the nine months ended September 30, 2024 to RMB44.9 million in the nine months ended September 30, 2025 primarily due to the increase in volume we provided our services as we had completed certain production lines under our Suizhou Project in second half of 2024 resulting in our enlarged capacity for graphitization processing.

Despite the increase of our revenue from graphitization processing services, our gross loss increased from RMB6.3 million for the nine months ended September 30, 2024 to RMB13.1 million for the nine months ended September 30, 2025, and our gross loss margin increased from 23.1% for the nine months ended September 30, 2024 to 29.1% for the nine months ended September 30, 2025 primarily due to the decreasing price trend of our service fees, together with the increase in fixed costs allocation and electricity cost in relation to the new production of our Suizhou Project commenced in second half of 2024.

Other Income

Other income primarily consisted of (i) government grants, (ii) interest income, and (iii) others. The following table sets forth a breakdown of our other income for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
							(Unaudited)			
Government grants . . .	43,929	84.1	34,528	83.5	51,522	90.9	37,459	89.2	23,351	89.1
Interest income	8,197	15.7	6,687	16.2	5,041	8.9	4,424	10.5	2,138	8.2
Others	122	0.2	112	0.3	132	0.2	140	0.3	707	2.7
Total	52,248	100.0	41,327	100.0	56,695	100.0	42,023	100.0	26,196	100.0

In 2022, 2023, 2024, and in the nine months ended September 30, 2024 and 2025, among our total government grants recognized in our consolidated statement of profit or loss, our government grants amounted to RMB43.8 million, RMB34.4 million, RMB47.1 million, RMB33.1 million and RMB16.9 million, respectively, are subsidies received to reward our contribution in high and new technology and encouraged industries and tax refund, which was recognized in the consolidated statement of profit or loss upon receipt of these rewards and the related conditions associated with the rewards are met, if any. There are no unfulfilled

FINANCIAL INFORMATION

conditions or contingencies relating to these grants. The remaining portion of government grants mainly related to subsidies received for the construction of plant and facilities and reimbursement of research and development expenses in the PRC which were recognized in the statement of profit or loss as detailed in note 34 to the Accountants’ Report as set out in Appendix I to this document. Our government grants received during the Track Record Period are generally project-based, non-recurring in nature, being subsidies to our R&D activities or investments in fixed assets, except for the refund of value-added taxes (“VAT”) regarding sales of self-developed software which is recurring.

Our interest income decreased from RMB8.2 million in 2022 to RMB6.7 million in 2023 and further to RMB5.0 million in 2024 and our interest income decreased from RMB4.4 million for the nine months ended September 30, 2024 to RMB2.1 million for the nine months ended September 30, 2025, primarily due to the decrease in the average balance of our bank deposits and interest rate.

Other Gains and Losses

The following table sets forth a breakdown of our other gains and losses for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Investment gain on financial assets	18,500	28.2	27,421	(19.1)	1,621	(3.5)	1,154	(5.1)	114	(6.3)
Gain (loss) from changes in fair value of financial assets at FVTPL	45,672	69.5	(98,729)	68.7	(14,282)	30.8	(20,535)	91.7	4,295	(237.6)
Net (loss) gain on derivative financial instruments	(1,522)	(2.3)	1,522	(1.1)	419	(0.9)	(1,590)	7.1	(834)	46.1
Changes in fair value of investment properties .	(953)	(1.5)	(30,869)	21.5	(11,743)	25.3	–	–	(3,335)	184.5
Impairment loss of non-current assets . .	(2)	–	(41,910)	29.1	(13,645)	29.4	–	–	(296)	16.4
Net gain (loss) on disposal of/written-off property, plant and equipment and right-of-use assets . .	225	0.4	2,022	(1.4)	233	(0.5)	233	(1.1)	(1,395)	77.2
Others	3,732	5.7	(3,264)	2.3	(9,043)	19.4	(1,657)	7.4	(357)	19.7
Total	65,652	100.0	(143,807)	100.0	(46,440)	100.0	(22,395)	100.0	(1,808)	100.0

FINANCIAL INFORMATION

Investment gain on financial assets primarily consisted of gains from the profit distribution by a private equity/venture capital fund in which we acted as a limited partner (the “**PE/VC Fund**”), and wealth management products we purchased during the Track Record Period. We recorded a relatively substantial amount of investment gain on financial assets in 2022 and 2023 primarily due to the profit distribution by the PE/VC Fund after its disposals of equity interest in certain investee companies.

Gain/loss from changes in fair value of financial assets at fair value through profit or loss (“**FVTPL**”) was our gain or loss from the fair value change of our investments in the PE/VC Fund) and an IC design company headquartered in Texas, the United States (the “**IC Design Investee**”). The stock price of principal portfolio companies held by the PE/VC Fund and the valuation of the IC Design Investee were impacted by the fluctuation of capital markets conditions during the Track Record Period, which in turn led to change of fair value of our investments in these two entities.

Net (loss) gain on derivative financial instruments at FVTPL represented the fair value change of our forward foreign exchange.

Changes in fair value of investment properties reflected the change of value of our investment properties according to the valuation conducted by third party valuers, who have considered factors including market rental price and vacancy rate.

Impairment loss of non-current assets consisted of impairment losses recognized in respect of property, plant and equipment, impairment losses recognized in respect of intangible assets and impairment losses recognized in respect of goodwill. We recorded impairment losses recognized in respect of intangible assets in 2023 and 2024, primarily due to our management’s prudent assessment of prospective value of certain inhouse R&D projects. As the MCU market has been evolving while the process from initiating a R&D project to commercial-scale manufacturing of relevant products usually takes one to three years in average, some of our self-developed products have experienced shrinking demand after its official launch to the market or during development stage, which is not uncommon in the industry, according to CIC. Specifically, our management will assess our inhouse R&D projects with reference to market conditions, the availability, pricing and performance of competing products, and whether the development progress of such projects meets the expectation of the management, among others. We will engage third party valuers to appraise the projects when there are signs for potential impairment. As a result, we recognized impairment losses in relation to three software under development and three completed software in 2023, with total impairment loss of RMB32.4 million, and one software under development in 2024, with total impairment loss of RMB12.2 million. We did not recognize impairment loss in respect of intangible assets in the nine months ended September 30, 2025.

FINANCIAL INFORMATION

Selling Expenses

Our selling expenses primarily consisted of (i) employee benefit expenses including salaries and wages and staff welfare of our sales and marketing personnel, (ii) market consulting and IP fees, (iii) business development (“**BD**”) expenses, (iv) travel and other expenses, (v) depreciation and amortization of property, plant and equipment and right-of-use assets relating to our sales and marketing activities, (vi) marketing expenses, and (vii) share-based payments recognized under the Share Incentive Scheme of the Company and the Share Incentive Scheme of Sinuo, which were non-cash in nature.

The following table sets forth the components of our selling and distribution expenses for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Employee benefit expenses	23,051	37.4	21,709	49.7	21,752	49.6	13,009	45.9	14,627	43.4
Market consulting and IP fees	7,802	12.6	6,015	13.8	7,755	17.7	4,850	17.1	6,049	18.0
BD expenses	5,091	8.2	7,919	18.2	6,941	15.9	4,433	15.7	6,837	20.3
Travel and other expenses	3,316	5.4	4,374	10.0	2,812	6.4	2,488	8.8	3,482	10.3
Depreciation and amortization	3,109	5.0	3,439	7.9	2,841	6.5	2,200	7.8	1,892	5.6
Marketing expenses	3,551	5.7	1,509	3.5	1,206	2.8	846	3.0	817	2.4
Share-based payments	15,871	25.7	(1,350)	(3.1)	481	1.1	481	1.7	—	—
Total	61,791	100.0	43,615	100.0	43,788	100.0	28,307	100.0	33,704	100.0

Our selling expenses decreased from RMB61.8 million in 2022 to RMB43.6 million in 2023, and remained stable at RMB43.8 million in 2024, primarily attributable to the share-based payments recorded in the corresponding year. We recorded a relatively large amount of share-based payments in 2022 as the restricted shares previously granted were expensed in that year; we recorded a reversal of share-based payments in 2023 as certain restricted shares were repurchased as the vesting conditions were not met. Our selling expenses increased from RMB28.3 million in the nine months ended September 30, 2024 to RMB33.7 million in the nine months ended September 30, 2025, reflecting our increased marketing activities which supported our revenue growth.

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses including salaries and wages and staff welfare of our administrative personnel, (ii) professional service expenses, (iii) depreciation and amortization of property, plant and equipment and right-of-use assets relating to our administrative activities, (iv) BD expenses, (v) business expenses and others, (vi) office expenses, (vii) bank surcharges and others, and (viii) share-based payments recognized under the Share Incentive Scheme of the Company and the Share Incentive Scheme of Sinuo, which were non-cash in nature.

The following table sets forth a breakdown of the components of our administrative expenses for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Employee benefit expenses	50,725	32.3	50,403	43.5	51,640	31.8	37,536	29.7	32,891	42.7
Professional service expenses	15,799	10.0	18,835	16.3	16,030	9.8	4,418	3.5	14,568	19.0
Depreciation and amortization	11,135	7.1	14,193	12.3	12,449	7.6	8,302	6.5	11,830	15.4
BD expenses	9,130	5.8	6,898	6.0	5,833	3.6	3,869	3.1	4,125	5.4
Business expenses and others.	13,093	8.3	10,091	8.7	7,761	4.8	6,289	5.0	7,216	9.4
Office expenses	3,207	2.0	3,430	3.0	4,299	2.6	3,392	2.7	4,074	5.3
Bank surcharges and others.	359	0.2	1,596	1.4	3,649	2.2	1,208	1.0	2,147	2.8
Share-based payments.	53,941	34.3	10,180	8.8	61,173	37.6	61,173	48.5	—	—
Total	157,389	100.0	115,626	100.0	162,834	100.0	126,187	100.0	76,851	100.0

Our administrative expenses decreased from RMB157.4 million in 2022 to RMB115.6 million in 2023, and increased to RMB162.8 million in 2024, and from RMB126.2 million in the nine months ended September 30, 2024 to RMB76.9 million in the nine months ended September 30, 2025, primarily attributable to the share-based payments recorded in the corresponding year. We recorded a relatively large amount of share-based payments in 2022 as the restricted shares previously granted were expensed in that year; we recorded a reversal of share-based payments in 2023 as certain restricted shares were repurchased as the vesting conditions were not met. Our share-based payments increased to RMB61.2 million in 2024, primarily due to the termination of the Share Incentive Scheme of Sinuo, which resulted in an

FINANCIAL INFORMATION

immediate recognition of expense. As a result, share-based compensation expenses decreased from RMB61.2 million for the nine months ended September 30, 2024 to nil for the nine months ended September 30, 2025.

R&D Expenses

In 2022, 2023 and 2024 and the nine months ended September 30, 2025, we invested RMB351.5 million, RMB328.3 million, RMB274.9 million and RMB164.0 million in our R&D activities, respectively, of which RMB56.2 million (16.0%), RMB43.6 million (13.3%), RMB88.1 million (32.0%) and RMB43.9 million (26.8%) were capitalized in the corresponding year or period as intangible assets, with the remaining amount charged to our statements of profit or loss as R&D expenses. Therefore, the amount of our total R&D expenditures and the capitalization of such expenditures will generally impact our R&D expenses in a specific year or period.

We capitalize our R&D expenditures only relating to our chip products business after we have completed the product design and initiated tape-out. We have a number of R&D projects ongoing each year, and the amount of capitalized R&D expenditures is subject to the amount of R&D expenditures incurred in each of these project as well as their progress in a specific year.

Our R&D expenses primarily consist of (i) employee benefit expenses including primarily consisted of salaries and wages and staff welfare of our R&D personnel, (ii) depreciation and amortization of property, plant and equipment and right-of-use assets relating to our R&D activities, (iii) outsourced R&D expenses, (iv) raw materials and verification expenses, (v) other expenses such as office expenses and testing expenses, and (vi) share-based payments recognized under the Share Incentive Scheme of the Company and the Share Incentive Scheme of Sinuo, which were non-cash in nature.

FINANCIAL INFORMATION

The following table sets forth a breakdown of the components of our R&D expenses for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Employee benefit expenses	126,132	42.8	151,614	53.3	92,668	49.6	69,423	50.5	62,027	51.6
Depreciation and amortization	65,802	22.3	89,995	31.6	67,469	36.2	52,559	38.3	42,717	35.6
Outsourced R&D expenses	17,719	6.0	16,616	5.8	6,701	3.6	3,515	2.6	3,046	2.5
Raw materials and verification expenses .	2,270	0.8	14,213	5.0	10,132	5.4	3,408	2.5	5,232	4.4
Others	15,117	5.0	17,798	6.2	7,528	4.0	6,091	4.4	7,060	5.9
Share-based payments . .	68,276	23.1	(5,499)	(1.9)	2,333	1.2	2,333	1.7	—	—
Total	295,316	100.0	284,737	100.0	186,831	100.0	137,329	100.0	120,082	100.0

Our R&D expenses decreased from RMB295.3 million in 2023 to RMB284.7 million, primarily as due to the decrease of share-based payments. We recorded a relatively large amount of share-based payments in 2022 as the restricted share previously granted were expensed in that year; we recorded a reversal of share-based payments in 2023 as certain restricted shares were repurchased as the vesting conditions were not satisfied. Our R&D expenses decreased to RMB186.8 million in 2024, primarily as we capitalized a larger amount of R&D expenditures in 2024 as compared with 2023. Our R&D expenses decreased from RMB137.3 million in the nine months ended September 30, 2024 to RMB120.1 million in the nine months ended September 30, 2025 reflecting the implementation of our cost control measures and the accumulation of technological capabilities.

FINANCIAL INFORMATION

Finance Costs, Net

Our finance costs primarily consisted of (i) interest expense on borrowings, and (ii) interest expense on lease liabilities, deducting amounts capitalized in the cost of construction in progress. The following table sets forth a breakdown of the components of our finance costs, net for the years or periods indicated:

	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>				
Interest expense on borrowings	34,815	74,382	70,597	55,660	56,452
Interest expense on lease liabilities	4,152	3,488	2,813	2,170	1,852
Total borrowing costs . . .	38,967	77,870	73,410	57,830	58,304
Less: amounts capitalized in the cost of construction in progress	(1,590)	(7,854)	(5,568)	(5,568)	—
	<u>37,377</u>	<u>70,016</u>	<u>67,842</u>	<u>52,262</u>	<u>58,304</u>

Our interest expense on borrowings increased from RMB34.8 million in 2022 to RMB74.4 million in 2023 primarily due to the increase of the amount of our outstanding bank borrowings, and slightly decreased to RMB70.6 million in 2024 as a result of decreased interest rate of outstanding bank loans. Our interest expense on borrowings increased from the nine months ended September 30, 2024 to nine months ended September 30, 2025, primarily due to the cessation of capitalization following the completion and transfer to fixed assets of construction of our production facility in Suizhou, Hubei in December 2024.

Our interest expense on lease liabilities gradually decreased throughout the Track Record Period as we performed our rental payment obligations under the relevant leases.

The capitalization of cost of construction in progress was relating to the construction of our production facility in Suizhou, Hubei (“**Suizhou Project**”) as the production facilities were transferred to fixed assets in December 2024, upon which capitalization ceased.

FINANCIAL INFORMATION

Income Tax Expense/(Credit)

We incurred income tax expense of RMB11.1 million in 2022, and income tax credit of RMB9.9 million and RMB13.4 million in 2023 and 2024, and RMB8.2 million and RMB10.4 million in the nine months ended September 30, 2024 and 2025 respectively. The following table sets forth a breakdown of our income tax expense/(credit) for the years or periods indicated:

	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>	
Current tax	15,754	417	1,396	209	86
(Over) under provision in prior years	1,361	589	(201)	(201)	(45)
Deferred tax	(5,994)	(10,936)	(14,555)	(8,165)	(10,434)
	<u>11,121</u>	<u>(9,930)</u>	<u>(13,360)</u>	<u>(8,157)</u>	<u>(10,393)</u>

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (“**PRC EIT**”) and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of the Company and its PRC subsidiaries is 25% for the Track Record Period except for those are eligible for preferential taxation of paying EIT at a rate of 15% and 10% during the Track Record Period as detailed below.

- (i) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of “High and New Technology Enterprise” (“**HNTE**”), which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfillment of the recognition criteria.
 - Our Company obtained the HNTE certificate in December 2020, which was renewed in November 2023, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the Track Record Period.
 - Nsing Technology (Shenzhen) Co., Ltd. (國民科技(深圳)有限公司) obtained the HNTE certificate in December 2020, which was renewed in November 2023, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the Track Record Period.

FINANCIAL INFORMATION

- Hubei Sinuo New Material Technologies Co., Ltd. (湖北斯諾新材料科技有限公司) obtained the HNTE certificate in December 2023, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the year ended December 31, 2024 and the nine months ended September 30, 2025.
- (ii) Inner Mongolia Sinuo New Material Technologies Co., Ltd. (內蒙古斯諾新材料科技有限公司) is engaged in the “Encouraged Industries in the Western Region” and eligible for the preferential EIT rate at 15% from 2021 to 2030.
- (iii) According to Guofa [2020] No. 8 and relevant tax regulations, the Company is qualified as an integrated circuit enterprise and entitled to enjoy a 5-year tax holiday (income tax full exemption for 5 years since the first profit-making year) and further enjoy the preferential EIT rate at 10% after the 5-year tax holiday.

The additional tax deduction of the qualified research and development expenses is 100% throughout the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with any tax authority.

DISCUSSION OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

Revenue

Our revenue increased by 16.7% from RMB821.0 million in the nine months ended September 30, 2024 to RMB958.3 million in the nine months ended September 30, 2025 due to the increase of sales of our chip products and lithium-ion battery anode material products as a result of our continuous market expansion of our products described below.

Chip products. Our revenue generated from our chip products business increased by 16.0% from RMB400.0 million in the nine months ended September 30, 2024 to RMB463.9 million in the nine months ended September 30, 2025. In 2025, primarily due to maintaining stable cooperation with our existing customers, we strive to optimize our product and customer mix, and actively expand into new customers and new product markets, which has contributed to a significant increase of sales volume by 13.8% from 244.5 million units in the nine months ended September 30, 2024 to 278.2 million units in the nine months ended September 30, 2025.

Lithium-ion battery anode materials. Our revenue generated from our lithium-ion battery anode materials business increased by 20.6% from RMB377.4 million in the nine months ended September 30, 2024 to RMB455.0 million in the nine months ended September 30, 2025, primarily attributable to (i) the increase in the sales volume of lithium-ion battery anode

FINANCIAL INFORMATION

materials by 10.3% from 18.5 thousand tons in the nine months ended September 30, 2024 to 20.4 thousand tons in the nine months ended September 30, 2025 as a result of the increased market demand and our customers’ continuing trust in our quality products leading to increased purchase orders, (ii) the increase in average price of lithium-ion battery anode materials by 6.6% from RMB18.8 in the nine months ended September 30, 2024 to RMB20.0 in the nine months ended September 30, 2025 and (iii) the increase in the graphitization processing services by 70.3% from 3.4 thousand tons in the nine months ended September 30, 2024 to 5.7 thousand in the nine months ended September 30, 2025 as we had completed certain production lines under our Suizhou Project resulting in our enlarged capacity for graphitization processing.

Others. Our revenue from other products and services decreased by 9.8% from RMB43.6 million in the nine months ended September 30, 2024 to RMB39.4 million in the nine months ended September 30, 2025, primarily due to the decrease in rental income from leasing of proeptries.

Cost of Sales

Our cost of sales increased by 16.6% from RMB665.5 million in the nine months ended September 30, 2024 to RMB775.6 million in the nine months ended September 30, 2025 was primarily driven by a 17.2% increase in the cost of goods sold and services, which rose from RMB660.4 million to RMB770.7 million over the same period, in line with the growth in revenue, partially offset by a decrease of write-down of inventories from RMB5.1 million in the nine months ended September 30, 2024 to RMB4.9 million in the nine months ended September 30, 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB155.5 million in the nine months ended September 30, 2024 to RMB182.7 million in the nine months ended September 30, 2025. Our gross profit margin remained relatively stable at 18.9% in the nine months ended September 30, 2024 and 19.1% in the nine months ended September 30, 2025.

Other Income

Our other income decreased by 37.7% from RMB42.0 million in the nine months ended September 30, 2024 to RMB26.2 million in the nine months ended September 30, 2025, primarily due to the decrease in government grants by RMB14.1 million.

Other Gains and Losses

We recorded other losses of RMB1.8 million in the nine months ended September 30, 2025, compared with other losses of RMB22.4 million in the nine months ended September 30, 2024. This decrease was primarily attributable to a reduction in the loss from changes in fair value of financial assets at FVTPL, which changed from loss of RMB20.5 million in the nine

FINANCIAL INFORMATION

months ended September 30, 2024 to gain of RMB4.3 million in the nine months ended September 30, 2025, reflecting the performance of principal portfolio companies held by the PE/VC Fund and the valuation of the IC Design Investee. In addition, we recorded a loss from changes in fair value of investment properties of RMB3.3 million in the nine months ended September 30, 2025, primarily due to fluctuations in market rental rates and vacancy levels.

Selling Expenses

Our selling and marketing expenses increased by 19.1% from RMB28.3 million in the nine months ended September 30, 2024 to RMB33.7 million in the nine months ended September 30, 2025, reflecting our increased marketing activities which supported our revenue growth and was generally in line with our revenue growth.

Administrative Expenses

Our administrative expenses decreased by 39.1% from RMB126.2 million in the nine months ended September 30, 2024 to RMB76.9 million in the nine months ended September 30, 2025. The decrease was primarily due to the recognition of share-based payments in the nine months ended September 30, 2024 as a result of the termination of the Share Incentive Scheme of Sinuo, leading to an immediate recognition of expense while no share-based payments were recognized in the same period in 2025, partially offset by (i) the increase of legal expenses and (ii) the recognition of membership fees arising from our participation into two new associations in the nine months ended September 30, 2025.

R&D Expenses

Our R&D expenses decreased by 12.6% from RMB137.3 million in the nine months ended September 30, 2024 to RMB120.1 million in the nine months ended September 30, 2025, primarily due to the decrease in our employee salaries and depreciation and amortization expenses, which reflected the implementation of our cost control measures and the accumulation of technological capabilities.

Finance Costs, Net

Our finance costs, net increased by 11.6% from RMB52.3 million in the nine months ended September 30, 2024 to RMB58.3 million in the nine months ended September 30, 2025, primarily due to the cessation of capitalization following the completion and transfer to fixed assets of construction of our production facility in Suizhou, Hubei in December 2024.

Loss for the Period

As a result of the foregoing, our loss for the period decreased significantly by 54.4% from RMB166.0 million in the nine months ended September 30, 2024 to RMB75.7 million in the nine months ended September 30, 2025.

FINANCIAL INFORMATION

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 12.6% from RMB1,036.8 million in 2023 to RMB1,167.6 million in 2024 due to the increase of sales of our chip products and lithium-ion battery anode material products despite of the decrease of average selling price impacted by the change of market conditions of MCU market since 2022 and lithium-ion battery anode materials market since 2023.

Chip products. Our revenue generated from our chip products business increased by 33.2% from RMB417.1 million in 2023 to RMB555.7 million in 2024. In 2024, as the global economy and demand from down-stream consumers has gradually recovered, we have seized the market opportunity by strengthening the relationships of existing customers, developing new customers and expanding into new markets, which has contributed to a significant increase of sales volume by 79.4% from 189.9 million units in 2023 to 340.7 million units in 2024.

Lithium-ion battery anode materials. Our revenue generated from our lithium-ion battery anode materials business increased by 4.3% from RMB526.9 million in 2023 to RMB549.4 million in 2024, primarily attributable to (i) the increase in the sales volume of lithium-ion battery anode materials by 34.9% from 19.6 thousand tons in 2023 to 26.5 thousand tons in 2024 as a result of the increased market demand and our customers’ continuing trust in our quality products leading to increased purchase orders, and (ii) the increase in the graphitization processing services by 271.1% from 1.6 thousand tons in 2023 to 6.0 thousand tons in 2024 as we had completed certain production lines under our Suizhou Project resulting in our enlarged capacity for graphitization processing.

Others. Our revenue from other products and services decreased by 32.7% from RMB92.7 million in 2023 to RMB62.4 million in 2024, primarily due to the decrease in the sales of auxiliary materials and tailings of graphite products.

Cost of Sales

Our cost of sales decreased by 3.3% from RMB1,018.7 million in 2023 to RMB985.2 million in 2024 primarily due to the significant decrease in the write-down of inventories by 57.1% from RMB123.4 million in 2023 to RMB53.0 million in 2024 as the market price of our products remained relatively stable after 2023.

Gross Profit and Gross Profit Margin

As a result of the increase in our revenue as our sales volume of both chip products and lithium-ion battery anode materials increased, while our cost of sales decreased due to the decrease in write-down of inventories from RMB123.4 million in 2023 to RMB53.0 million in

FINANCIAL INFORMATION

2024, our gross profit and gross profit margin were both significantly improved in 2024 as compared with 2023. Our gross profit increased from RMB18.0 million in 2023 to RMB182.4 million in 2024, and our gross profit margin increased from 1.7% in 2023 to 15.6% in 2024.

Other Income

Our other income increased by 37.2% from RMB41.3 million in 2023 to RMB56.7 million in 2024, primarily due to the increase in government grants by RMB17.0 million.

Other Gains and Losses

We recorded other losses in 2023 and 2024, primarily attributable to the loss from changes in fair value of financial assets at FVTPL, impairment loss recognized in respect of intangible assets and loss from changes in fair value of investment properties. Our other losses decreased by 67.7% from RMB143.8 million in 2023 to RMB46.4 million in 2024, primarily attributable to the decrease in the loss from changes in fair value of financial assets, due to the stock price decrease of principal portfolio companies held by the PE/VC Fund and the valuation decrease of the IC Design Investee in which we are a minority shareholder.

Selling Expenses

Our selling expenses remained stable at RMB43.6 million in 2023 and RMB43.8 million in 2024.

Administrative Expenses

Our administrative expenses increased by 40.8% from RMB115.6 million in 2023 to RMB162.8 million in 2024, primarily due to the increase in share-based payments as we terminated the Share Incentive Scheme of Sinuo, leading to an immediate recognition of expense.

R&D Expenses

Our R&D expenses decreased by 34.4% from RMB284.7 million in 2023 to RMB186.8 million in 2024, primarily because we capitalized a larger amount of R&D expenditures in 2024 as compared with 2023.

Finance Costs, Net

Our finance costs, net decreased by 3.1% from RMB70.0 million in 2023 to RMB67.8 million in 2024, primarily due to the decrease in interest expense on borrowings by RMB3.8 million due to the decreased interest rate on our bank loans.

FINANCIAL INFORMATION

Loss for the Year

As a result of the foregoing, our loss for the year decreased significantly by 56.9% from RMB594.0 million in 2023 to RMB255.7 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased by 13.3% from RMB1,195.4 million in 2022 to RMB1,036.8 million in 2023 due to decrease of average selling price of both chip products and lithium-ion battery anode material products impacted by the change of market conditions in MCU market since 2022 and lithium-ion battery anode material market since 2023. See “Industry Overview — Overview of the Global MCU Market — Historical Market Price of MCU Products and Key Raw Materials of MCU” and “Industry Overview — Global Lithium-Ion Battery Anode Materials Market Overview — Historical Market Price of Lithium-ion Battery Anode Materials.”

Chip products. Our revenue generated from our chip products business decreased by 9.0% from RMB458.2 million in 2022 to RMB417.1 million in 2023 due to the decrease of average selling price of chip products. The global and China MCU industries experienced rapid growth in 2020 and 2021, while its growth rate has slowed down significantly since 2022. Due to the industry cycle fluctuations, the global and China MCU markets were facing challenges including increasing pressures in price adjustments, inventory clearance and market competition. As a result of the market challenges, the average selling price of our chip products decreased in line with the trend of market price. Nevertheless, we achieved an increase in the sales volume of chip products by 39.7% from 136.0 million units in 2022 to 189.9 million units in 2023.

Lithium-ion battery anode materials. Our revenue generated from our lithium-ion battery anode materials business decreased by 16.0% from RMB627.3 million in 2022 to RMB526.9 million in 2023, primarily attributable the decrease of average selling price of lithium-ion battery anode materials. In 2022, driven by the rapid growth of the new energy vehicle market in China and abroad, the demand for lithium-ion battery anode materials continued to grow rapidly. At the end of 2022, as the production capacity supply increased while the growth of downstream market demand slowed down, the price of lithium-ion battery anode materials began to decline. In 2023, as market players continued to expand production capacity, coupled with the slowdown in the growth of the new energy vehicle market, the upstream and downstream of the industrial chain faced fierce market competition, which had resulted in a rapid decline in the price of lithium-ion battery anode material products. Despite of the declined price, we achieved an increase in sales volume of lithium-ion battery anode material products by 40.0% from 14.0 thousand tons in 2022 to 19.6 thousand tons in 2023 as a result of the increased market demand and our customers’ continuing trust in our quality products

FINANCIAL INFORMATION

leading to increased purchase orders. The sales volume of our graphitization processing services decreased by 36.4% from 2.5 thousand tons in 2022 to 1.6 thousand tons in 2023 as we prioritized our increased inhouse demand in 2023.

Others. Our revenue from other products and services decreased by 15.6% from RMB109.8 million in 2022 to RMB92.7 million in 2023, primarily due to the decrease in the sales of smart door lock SoC and solutions.

Cost of Sales

Our cost of sales increased by 32.4% from RMB769.4 million in 2022 to RMB1,018.7 million in 2023, primarily due to (i) a significant increase in the write-down of inventories by RMB105.7 million, and (ii) an increase in the sales volume of our products.

Gross Profit and Gross Profit Margin

As a result of (i) the decrease in our revenue due to the decrease of average selling price of products in 2023, and (ii) the increase in our cost of sales primarily due to the significant increase in write-down of inventories from RMB17.1 million 2022 to RMB123.4 million in 2023, we recorded a decrease in gross profit and gross profit margin in 2023 as compared with 2022. Our gross profit decreased from RMB426.0 million in 2022 to RMB18.0 million in 2023, our gross profit margin decreased from 35.6% in 2022 to 1.7% in 2023.

Other Income

Our other income decreased from RMB52.2 million in 2022 to RMB41.3 million in 2023, primarily due to a decrease in government grants by RMB9.4 million.

Other Gains and Losses

We recorded other gains of RMB65.7 million in 2022 and other losses of RMB143.8 million in 2023. Our gain from changes in fair value of financial assets at FVTPL relating to our investment in the PE/VC Fund and the IC Design Investee amounted to RMB45.7 million in 2022 turned to a loss of RMB98.7 million in 2023, due to the decrease of stock price of principal portfolio companies held by the former and the decrease of the value of the latter. We also recorded impairment loss recognized in respect of intangible asset of RMB32.4 million in 2023, relating to the value of intangible assets and development expenditures assessed by the prospective market value of our self-developed products. Our loss from changes in fair value of investment properties increased from RMB1.0 million in 2022 to RMB30.9 million in 2023 due to the change of expected market rental price of our investment properties. We recorded a relatively substantial amount of investment gain on financial assets of RMB18.5 million and RMB27.4 million in 2022 and 2023, respectively, primarily due to the profit distribution by the PE/VC Fund after its disposals of equity interest in certain investee companies.

FINANCIAL INFORMATION

Selling Expenses

Our selling expenses decreased by 29.4% from RMB61.8 million in 2022 to RMB43.6 million in 2023, primarily due to the decrease of share-based payments.

Administrative Expenses

Our administrative expenses decreased by 26.5% from RMB157.4 million in 2022 to RMB115.6 million in 2023, primarily due to the decrease of share-based payments.

R&D Expenses

Our R&D expenses slightly decreased by 3.6% from RMB295.3 million in 2022 to RMB284.7 million in 2023, primarily due to the decrease of share-based payments.

Finance Costs, Net

Our finance costs, net increased by 87.3% from RMB37.4 million in 2022 to RMB70.0 million in 2023, primarily due to the increase of the amount of our bank borrowings resulting in an increase in interest expense on borrowings by RMB39.6 million.

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB18.9 million in 2022 and RMB594.0 million in 2023.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN ITEMS OF STATEMENTS OF FINANCIAL POSITION

	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 . . .	686,792	1,059,034	1,271,846	1,250,607
Right-of-use assets	121,862	102,876	92,705	87,725
Investment properties	252,047	221,178	209,435	206,100
Goodwill	40,794	32,081	30,647	30,351
Intangible assets	213,510	176,954	208,910	229,445
Long-term prepayments	66,453	98,637	24,652	21,729
Equity instruments at FVTOCI . .	69,718	69,584	69,603	68,591
Deferred tax assets	69,722	67,957	77,457	87,319
	1,520,898	1,828,301	1,985,255	1,981,867
Current Assets				
Inventories	923,175	620,999	620,957	649,037
Trade and other receivables at amortized cost	359,325	355,976	421,047	446,915
Trade and bills receivables at FVTOCI	93,025	115,868	149,261	114,990
Financial assets at fair value through profit or loss ("FVTPL")	187,728	88,537	72,533	79,617
Derivative financial instrument . .	—	—	419	—
Restricted bank balances	69,978	28,375	101,800	105,552
Cash and cash equivalents	559,605	764,524	361,665	187,870
	2,192,836	1,974,279	1,727,682	1,583,981
Current Liabilities				
Trade and other payables	516,248	403,718	714,760	740,396
Contract liabilities	13,838	18,045	4,965	7,594
Tax liabilities	12,615	1,152	168	—
Derivative financial instrument . .	1,522	—	—	415
Borrowings	719,315	822,892	837,282	856,430
Lease liabilities	14,702	10,971	9,702	10,583
	1,278,240	1,256,778	1,566,877	1,615,418
Net Current Assets (Liabilities).	914,596	717,501	160,805	(31,437)
Total Assets Less Current Liabilities	2,435,494	2,545,802	2,146,060	1,950,430

FINANCIAL INFORMATION

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Liabilities				
Deferred income	945	3,928	21,650	22,678
Provision	–	3,216	–	–
Long-term payables	190,802	415,193	264,131	112,985
Borrowings	418,965	815,827	755,018	791,159
Lease liabilities	41,428	35,165	29,358	24,536
Deferred tax liabilities	39,543	26,971	23,141	22,569
	691,683	1,300,300	1,093,298	973,927
	1,743,811	1,245,502	1,052,762	976,503
Capital and Reserves				
Share capital	595,638	594,841	583,127	583,127
Reserves	1,053,466	576,293	406,209	378,632
Equity attributable to owners of the Company	1,649,104	1,171,134	989,336	961,759
Non-controlling interests	94,707	74,368	63,426	14,744
Total Equity⁽¹⁾	1,743,811	1,245,502	1,052,762	976,503

Note:

- (1) Our total equity as at January 1, 2022 amounted to RMB1,551.6 million, under which the accumulated losses amounted to RMB1,413.4 million primarily attributable to the impairment losses of RMB1,947.1 million we recognized in 2018, which primarily consisted of one-time impairment of receivables and impairment of goodwill in connection with our acquisition of Shenzhen Sinuo, as one major customer of Shenzhen Sinuo was experiencing financial difficulties and there was high chance that receivables from such customer would not be recoverable.

Goodwill

Our goodwill was related to Inner Mongolia Simuo and Shenzhen Sinuo. The following table sets forth their carrying value as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Inner Mongolia Simuo	37,063	28,764	28,764	28,764
Shenzhen Sinuo	3,731	3,317	1,883	1,587
	40,794	32,081	30,647	30,351

FINANCIAL INFORMATION

Impairment assessment

Inner Mongolia Sinuo

The recoverable amount of the CGU of Inner Mongolia Sinuo is determined based on value-in-use calculations. These calculations use cash flow projections primarily based on the respective financial budgets of the CGU covering a five-year period estimated, including the growth rates in revenue, the pre-tax discount rates, estimated revenue, estimated gross profit, estimated operating expenses, approved by management.

The discount rates reflect specific risks relating to the CGU. The growth rates have been based on past experience and management’s expectation of market development.

The following table sets out the key assumption on which management has based on its cash flow projections for the purpose of impairment testing of goodwill arising on acquisitions at December 31, 2022, 2023 and 2024 and September 30, 2025:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
Inner Mongolia Sinuo				
– Pre-tax discount rate	14.87%	13.29%	11.76%	13.09%
– Long-term growth rate	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

The impairment assessment is evaluated by 中和資產評估有限公司 (Zhonghe Asset Appraisal Co., Ltd.) (“Zhonghe Appraisal”), an independent valuer in the PRC.

Based on the results of the impairment assessment, the Group determines that except for the impairment loss amounting to RMB8.3 million was recognized during the year ended December 31, 2023, there is no impairment on goodwill as at December 31, 2022 and 2024 and September 30, 2025. At December 31, 2022, the recoverable amount of Inner Mongolia Sinuo exceeds its carrying amount significantly by RMB302.2 million. If the pre-tax discount rate is increased by 9.67%, or the long-term growth rate is decreased by 25.07%, at December 31, 2022, while other parameters remain constant, the headrooms will be removed. We believed that any reasonably possible change in any of these assumptions would not result in impairment.

At December 31, 2024 and September 30, 2025, the recoverable amounts of Inner Mongolio Sinuo is marginally above its carrying amounts by RMB16.6 million and RMB10.4 million, respectively. If the pre-tax discount rate is increased by 0.46% and 0.29%, or the long-term growth rate is decreased by 0.67% and 0.44%, respectively, at December 31, 2024 and September 30, 2025, while other parameters remain constant, the headrooms will be removed.

FINANCIAL INFORMATION

Shenzhen Sinuo

Along with the relocation of the production line for manufacturing lithium-ion battery anode material products, the operation of Shenzhen Sinuo is declining since 2021. During the year ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the finance performance of Shenzhen Sinuo is declining.

The recoverable amount of the CGU of Shenzhen Sinuo has been determined based on its fair value less cost of disposal and evaluated by Zhonghe Appraisal. Based on the results of the impairment assessment evaluated by Zhonghe Appraisal, except for the recoverable amount of Shenzhen Sinuo exceeds its carrying amount by RMB0.6 million as at December 31, 2022, the carrying amount of Shenzhen Sinuo exceeds the recoverable amount, as at December 31, 2023 and 2024 and September 30, 2025, therefore, impairment loss of RMB0.4 million, RMB1.4 million and RMB0.3 million were recognized for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) buildings, (ii) plant and machinery, (iii) vehicles, (iv) leasehold improvement and others, and (v) construction in progress. The following table sets forth the carrying value of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	366,955	348,524	651,341	631,938
Plant and machinery	223,746	209,741	514,914	511,047
Vehicles	6,408	4,760	5,343	3,613
Leasehold improvement and others	20,935	15,707	9,350	25,668
Construction in progress . . .	68,748	480,302	90,898	78,341
Total	686,792	1,059,034	1,271,846	1,250,607

FINANCIAL INFORMATION

Our property, plant and equipment increased from RMB686.8 million as of December 31, 2022 to RMB1,059.0 million as of December 31, 2023, and further to RMB1,271.8 million in 2024, primarily attributable to our Suizhou Project. In 2024, as we completed the construction of certain manufacturing plant and production lines for lithium-ion battery anode materials in Suizhou Project, the corresponding carrying value of construction in progress was transferred to buildings as well as plant and machinery. Our property, plant and equipment decreased from RMB1,271.8 million as of December 31, 2024 to RMB1,250.6 million as of September 30, 2025, primarily due to depreciation charged for the period, partially offset by the addition of leasehold improvement at Suizhou Project.

Investment Properties

The fair value of our investment properties decreased from RMB252.0 million as of December 31, 2022 to RMB221.2 million as of December 31, 2023, and further to RMB209.4 million as of December 31, 2024 and further to RMB206.1 million as of September 30, 2025, primarily due to the decrease of expected market rental price.

Intangible Assets

Our intangible assets represent the net book value of (i) patents, (ii) trademarks, (iii) software and others, and (iv) development expenditures. The following table sets forth our intangible assets as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Patents	4,503	3,381	1,333	491
Trademarks	4,196	3,228	2,260	1,532
Software and others	124,215	107,438	72,868	82,138
Development expenditures . .	80,596	62,907	132,449	145,284
Total	<u>213,510</u>	<u>176,954</u>	<u>208,910</u>	<u>229,445</u>

The net book value of our patents, trademarks, software and others decreased throughout the Track Record Period primarily due to the amortization and impairment of software. Our management made impairment on software due to the downturn of market after the relevant products were launched to the market, leading to a decreased fair value of software.

FINANCIAL INFORMATION

The net book value of our development expenditures decreased from RMB80.6 million as of December 31, 2022 to RMB62.9 million as of December 31, 2023, primarily because our management made impairment on development expenditures relating to certain R&D projects as our self-developed products under such projects experienced change of market conditions during the development stage, leading to a decreased fair value of capitalized development expenditures.

The net book value of our development expenditures increased from RMB62.9 million as of December 31, 2023 to RMB132.4 million as of December 31, 2024, and further to RMB145.3 million as of September 30, 2025, primarily due to the capitalization of development expenditures relating to two major chip development projects.

We conducted impairment assessment on certain software and development expenditure, which have indication for impairment due to the decline in market demand and intense price competition for the relevant chip products in relation to the software under development since 2023, with carrying amounts of RMB47.1 million, RMB12.2 million and RMB42.2 million as at December 31, 2023 and 2024 and September 30, 2025, respectively. The recoverable amounts of the aforesaid intangible assets have been determined based on fair value less cost of disposal. The fair value less cost of disposal is estimated using the relief-from-royalty method which assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the relevant asset. The key assumption involved in the valuation includes the royalty rate of 15.00% as at December 31, 2023 and 2024 and September 30, 2025. Based on the our assessment, the impairment loss of RMB32.4 million, RMB12.2 million and nil, respectively, have been recognized in other gains and losses during the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025.

At September 30, 2025, the recoverable amounts of the software and development expenditures, which have indication for impairment is marginally above its carrying amounts by RMB3.5 million. If the royalty ratio of 15.00% is decreased by 1.17% at September 30, 2025, while other parameters remain constant, the headrooms will be removed.

Investment in subsidiaries

We have performed impairment assessment on our non-financial assets and our investment in subsidiaries during the Track Record Period. Impairment had been recognized for certain non-financial assets during the Track Record Period, but there was no indication of impairment identified in relation to the investment in subsidiaries in 2022, 2023 and 2024, and thus no further impairment was made on the Company’s investment in subsidiaries. For the nine months ended September 30, 2025, the Company recognized further impairment loss of RMB176.8 million against its investment in subsidiaries:

- (i) In 2022, our gross profit was RMB426.0 million and the overall gross profit is margin 35.6%. As such, we considered that there was no impairment relating to the investment in subsidiaries.

FINANCIAL INFORMATION

- (ii) In 2023, the impairment loss of RMB0.8 million recognized against property, plant and equipment was mainly due to the relocation and reorganization of the production line for manufacturing lithium-ion battery anode material products in 2023; the impairment loss of RMB32.4 million against intangible assets mainly related to certain chips, however, the overall gross profit margin of chip products was 27.0%, which was still profitable; the impairment loss of RMB8.7 million against goodwill mainly related to Inner Mongolia Sinuo as the loss of sales of anode material incurred. Taking the following factors into consideration: (i) the chips business is still profitable; (ii) the management expect that the loss of sales of anode material was temporary and the market demand was increasing and also the Group relocated, reorganized and also made new investment of the production line for manufacturing lithium-ion battery anode material products; (iii) Dongguan Langtaitong Technology Co. Ltd. (東莞市朗泰通科技股份有限公司) (“Dongguan Langtaitong”), which the Group hold its equity as investment, was undergoing the listing process of A-share market, as A-share market was placing a relatively high valuation on the new energy materials industry, management expected that there would be significant gain on fair value upon the completion of listing, therefore, no indication of impairment was identified in relation to the investment in subsidiaries.
- (iii) In 2024, the loss of our Group was narrowed. No impairment loss of property, plant and equipment was recognized; the impairment loss of RMB12.2 million against intangible assets was mainly related to certain chips, however, the overall gross profit margin of chip products increased to 30.7% as compared to 2023; the impairment loss of RMB1.4 million against goodwill mainly related to Shenzhen Sinuo, the goodwill impaired was mainly due to the operation of Shenzhen Sinuo had been downsizing since 2021 and the finance performance of Shenzhen Sinuo has been declining, along with the relocation of the production line for manufacturing lithium-ion battery anode material products. Taking the following factors into consideration: (i) the chips business was still profitable; (ii) for sales of anode material, there was gross profit margin of 7.4% for 2024, as expected by management; (iii) Dongguan Langtaitong, which the Group held its equity as investment, was undergoing the listing process of A-share market, and the management expected that there significant increase in fair value upon the completion of listing; therefore, no indication of impairment was identified in relation to the investment in subsidiaries.
- (iv) During the nine months ended September 30, 2025, an impairment was recognized in relation to Nsing Shenzhen, one of our subsidiaries. Nsing Shenzhen held 4.5% equity interest in Dongguan Langtaitong, which engages in the development, manufacturing and sales of new energy materials. Dongguan Langtaitong was undergoing the listing process of A-share market, until May 2025 when the listing process was terminated, the management considered that expected return on Dongguan Langtaitong would not be realized and impairment indicator exists. An impairment assessment on the investment in Nsing Shenzhen is conducted.

FINANCIAL INFORMATION

The recoverable amount of the investment in Nsing Shenzhen is determined based on value-in-use calculation conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer. This calculation uses cash flow projections primarily based on the respective financial budgets, including the growth rates in revenue, the pre-tax discount rates, estimated revenue, estimated gross profit, estimated operating expenses. Based on the result of the assessment, management determined that the recoverable amount of the investment in Nsing Shenzhen is lower than the carrying amount and an impairment loss of RMB176.8 million is recognized during the nine months ended September 30, 2025.

Inventories

Our inventories consisted of (i) raw materials and consumables, primarily including wafers, petroleum coke and needle coke, (ii) work-in-progress, (iii) finished goods, and (iv) others primarily including delivered goods, contract processing materials, outsourced processing materials and contract costs. The following table sets forth our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables	213,078	179,821	125,085	68,472
Work-in-progress	271,923	165,322	174,727	201,289
Finished goods	427,509	269,418	310,832	362,514
Others	10,665	6,438	10,313	16,762
Total	<u>923,175</u>	<u>620,999</u>	<u>620,957</u>	<u>649,037</u>

We intentionally kept a relatively high inventory level in 2022 in response to the industry supply shortage in 2021, which was common among industry peers at that time, according to CIC. Our inventories decreased from RMB923.2 million as of December 31, 2022 to RMB621.0 million as of December 31, 2023, as we adjusted our inventory management strategy to reduce inventory level in response to the changes in market supply and demand in 2023, by more actively promoting product sales to expedite inventory consumption, while we also made write-down of inventories due to the decreased average selling price of our products in line with the market price trend.

Our inventories remained stable at RMB621.0 million as of December 31, 2024 as compared with that as of December 31, 2023. Our raw materials and consumables decreased while finished goods increased, out of our expectation of increased sales in 2025. Our

FINANCIAL INFORMATION

inventories increased to RMB649.0 million as of September 30, 2025, as compared with December 31, 2024, primarily due to higher finished goods stockpiling in anticipation of increased sales, as well as adjustments to inventory levels in response to changes in market supply and demand in 2025.

The following table sets forth the aging analysis of our inventory as of December 31, 2022, 2023 and 2024 and September 30, 2025:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	905,089	412,214	545,570	581,808
Over one year	18,086	208,785	75,387	67,229
Total	923,175	620,999	620,957	649,037

The following table sets forth the number of our inventory turnover days for the years or period indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Inventory turnover days ⁽¹⁾ . .	<u>295</u>	<u>277</u>	<u>230</u>	<u>223</u>

Note:

- (1) Inventory turnover days were calculated based on the average of opening and closing inventory balance divided by cost of sales for the relevant year/period, and multiplied by the number of days in the relevant year/period, being 365 days.

Our inventory turnover days decreased throughout the Track Record Period as a result of our improved inventory management and increased sales of products.

As of November 30, 2025, RMB229.4 million, or 35.3% of our inventories as of September 30, 2025 had been subsequently consumed or sold. The turnover days for the nine months ended September 30, 2025 was 223 days, which slightly improved as compared to the turnover days for 2024 of 230 days. Our Directors considered that the provision as at September 30, 2025 was sufficient, considering the improvement in our inventory turnover days and inventories in relation to lithium-ion battery anode material products was increased for preparation of the enlarged capacity under Suizhou Project.

FINANCIAL INFORMATION

Trade and Bills Receivables at Amortized Cost and FVTOCI

During the Track Record Period, our trade and bills receivables primarily represent receivables from customers for our lithium-ion battery anode materials business. The credit period granted to our customers was generally 0 days to 120 days. The following table sets forth our trade and other receivables, as of the dates indicated:

Trade and Bills Receivables at Amortized Cost

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	277,295	292,590	308,813	388,333
Less: allowance for credit losses	(59,528)	(59,490)	(61,239)	(62,420)
	<u>217,767</u>	<u>233,100</u>	<u>247,574</u>	<u>325,913</u>
Bill receivables	–	4,261	1,703	1,315
Less: allowance for credit losses	–	–	(20)	(11)
	<u>–</u>	<u>4,261</u>	<u>1,683</u>	<u>1,304</u>
	<u>217,767</u>	<u>237,361</u>	<u>249,257</u>	<u>327,217</u>

Trade and Bills Receivables at FVTOCI

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance bills receivables	83,375	9,687	77,313	6,657
Electronic commercial bills receivables	10,000	110,032	74,554	112,346
	93,375	119,719	151,867	119,003
Less: allowance for credit losses	(350)	(3,851)	(2,606)	(4,013)
	<u>93,025</u>	<u>115,868</u>	<u>149,261</u>	<u>114,990</u>

Our trade receivables, net of allowance for credit losses, increased from RMB217.8 million as of December 31, 2022 to RMB233.1 million as of December 31, 2023, to RMB247.6 million as of December 31, 2024, and further to RMB325.9 million as of September 30, 2025

FINANCIAL INFORMATION

primarily due to the increase in our sales volume of products and services. We had extended 30-day credit terms to certain large-scale, financially sound distributors with significant transaction volumes, in order to further promote chip sales since February 2025.

Our trade and bills receivables at FVTOCI, consisting of bank acceptance bills receivables and electronic commercial bills receivables, being bills discountable and endorsable, increased from RMB93.0 million in as of December 31, 2022 to RMB115.9 million as of December 31, 2023, and further to RMB149.3 million as of December 31, 2024 after deducting allowance for credit loss, primarily due to the increase in our sales volume of products and services. Our trade and bills receivables at FVTOCI, consisting of bank acceptance bills receivables and electronic commercial bills receivables, being bills discountable and endorsable, decreased to RMB115.0 million as of September 30, 2025, primarily due to a decrease in the endorsement and discounting of notes receivable.

The following is an aging analysis of trade and bills receivables (including trade and bills receivables at FVTOCI), net of allowance for credit losses, presented based on dates of delivery of goods or dates of rendering of services:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	213,879	221,690	298,653	269,154
91-180 days	37,111	118,355	53,510	115,999
181 days-1 year	55,040	7,261	40,583	49,016
Over 1 year	4,762	5,923	5,772	8,038
	<u>310,792</u>	<u>353,229</u>	<u>398,518</u>	<u>442,207</u>

We generally recovered trade and bills receivables (including trade and bills receivables at FVTOCI), net of allowance for credit losses, within 180 days, which accounted for 80.8%, 96.3%, 88.4% and 87.1% of our total balance of trade receivables (before credit losses allowance) as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

We perform impairment assessment under ECL model on trade receivables which are credit-impaired individually. The remaining trade receivables are grouped and assessed on collective basis based on customers' aging of outstanding balances. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we made individual impairment of RMB50.0 million, RMB49.8 million, RMB49.3 million and RMB47.3 million, respectively, and impairment of trade receivables on a collective basis of RMB9.9 million, RMB13.6 million, RMB14.6 million and RMB19.1 million, respectively. Our credit losses allowances accounted for 19.3%, 17.9%, 16.0% and 15.0% of our total balance of trade and bills receivables at amortized cost and FVTOCI as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

FINANCIAL INFORMATION

The table below sets forth the turnover days of our trade receivables for the years or periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	<u>65</u>	<u>79</u>	<u>75</u>	<u>81</u>

Note:

- (1) Trade receivables turnover days were calculated based on the average of opening and closing trade receivables (less credit loss allowance) balance divided by revenue for the relevant year/period, and multiplied by the respective number of days in that year/period.

The trade receivable turnover days indicate the average time required for us to collect payments. Our trade receivables turnover days remained relatively stable during the Track Record Period.

As of November 30, 2025, RMB143.6 million or 44.1% of our trade receivables (less credit loss allowance) as of September 30, 2025 had been subsequently settled. Taking into account the settlement rate of trade receivables as of November 30, 2025, the Company does not consider any recoverability issue for trade receivables and sufficient provision has been made.

Other receivables

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Other receivables</u>				
Prepaid expenses	–	6,950	5,524	11,110
Refundable deposits	15,372	11,730	11,590	8,761
Prepayments to suppliers . . .	47,743	10,510	32,885	21,683
Prepayments for acquisition of property, plant and equipment	66,453	98,054	23,170	19,651
Tax recoverables	76,738	86,141	118,421	57,997
Deferred issue costs	–	–	–	18,715
Others	<u>2,634</u>	<u>4,355</u>	<u>5,205</u>	<u>3,755</u>
	208,940	217,740	196,795	141,672
Less: allowance for credit losses	<u>(929)</u>	<u>(488)</u>	<u>(353)</u>	<u>(245)</u>
	<u>208,011</u>	<u>217,252</u>	<u>196,442</u>	<u>141,427</u>

FINANCIAL INFORMATION

Our other receivables primarily consisted of (i) tax recoverables, being deductible VAT to be recognized, (ii) prepayments for property, plant and equipment relating to our Suizhou Project, (iii) prepayments to suppliers, and (iv) refundable deposits, primarily including security deposits under our other borrowings and deposits under our leases of offices.

Other receivables increased from RMB208.0 million as of December 31, 2022 to RMB217.3 million as of December 31, 2023, primarily relating to the procurement for our Suizhou Project which led to increases in prepayments for property, plant and equipment and tax recoverables; it decreased to RMB196.4 million as of December 31, 2024 primarily due to the decrease in prepayments for property, plant and equipment as the equipment for our Suizhou Project were delivered within 2024. Other receivables further decreased to RMB141.4 million as of September 30, 2025, primarily due to (i) a reduction in prepayments for petroleum coke procurement, and (ii) the refund of input VAT credits at Suizhou Project.

Financial Assets at FVTPL

Our financial assets at FVTPL consisted of our investments in unlisted equity. The unlisted equity investments represent our equity interests in certain private entities, including the PE/VC Fund and the IC Design Investee, the fair value of which was RMB187.7 million, RMB88.5 million, RMB72.5 million and RMB79.6 million as of December 31, 2022, 2023 and 2024 and as of September 30, 2025, respectively. We recorded a decrease in financial assets at FVTPL as of December 31, 2023 as compared with the same date in 2022 primarily due to the decrease of stock price of principal portfolio companies held by the PE/VC Fund and the decrease of the value of the IC Design Investee. Such fair value further decreased as of December 31, 2024 for the same reason. Please see note 41 of the Accountants’ Report as set out in Appendix I to this document for details of key techniques and key inputs to determine the fair value of such level 3 financial instruments.

We have adopted an equity interest management policy to improve our investment decision-making process, prevent and control investment risks, and to safeguard our equity investment assets and enhance investment returns. The Planning and Finance Department is the responsible department for equity investments, taking charge of the overall coordination of investment projects, as well as organizing due diligence investigations, feasibility studies, business negotiations, and project implementation for proposed investment projects. The General Manager’s Office Meeting is the review body for our investment projects, reviewing the projects and providing review opinions. The General Manager’s Office Meeting shall also decide a responsible personnel for each investment project, and authorize the responsible personnel to form a project team consisting of members from business, finance and legal departments. After being approved by the General Manager’s Office Meeting, an equity investment project shall be submitted to the Board and, where necessary, to the shareholders’ meeting for review according to our Articles of Association and other internal policies.

FINANCIAL INFORMATION

The following investment projects shall be submitted to the Board for review and approval: (i) where the total assets involved in the transaction account for over 10% of our most recent audited total assets; (ii) where the revenue of the target entity in the most recent fiscal year accounts for over 10% of our audited revenue in the most recent fiscal year, and the absolute amount exceeds RMB10 million; (iii) where the net profit of the target entity in the most recent fiscal year accounts for over 10% of our audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB1 million; (iv) where the consideration in the equity investment accounts for over 10% of our most recent audited net assets, and the absolute amount exceeds RMB10 million; or (v) where the profit from the proposed transaction accounts for over 10% of our audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB1 million.

The following investment projects shall be submitted to the shareholders’ meeting for review and approval after the Board approval: (i) where the total assets involved in the transaction account for over 50% of our most recent audited total assets; (ii) where the revenue of the target entity in the most recent fiscal year accounts for over 50% of our audited revenue in the most recent fiscal year, and the absolute amount exceeds RMB50 million; (iii) where the net profit of the target entity in the most recent fiscal year accounts for over 50% of our audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB5 million; (iv) where the consideration in the equity investment accounts for over 50% of our most recent audited net assets, and the absolute amount exceeds RMB50 million; or (v) where the profit from the proposed transaction accounts for over 50% of our audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB5 million.

Such investment will also be subject to compliance with Chapter 14 of the Listing Rules after [REDACTED].

FINANCIAL INFORMATION

Trade and Other Payables

Our trade and other payables include (i) trade and bills payables, and (ii) other payables. The following table sets forth our trade and other payables, as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Trade and bills payables</u>				
– Trade payables to third parties	148,960	259,943	328,764	272,649
– Bills payables to third parties	118,611	13,151	177,128	164,104
	<u>267,571</u>	<u>273,094</u>	<u>505,892</u>	<u>436,753</u>
<u>Other payables</u>				
Salary and welfare payables	31,539	29,407	34,930	27,639
Accrued expenses	19,054	10,097	17,621	3,804
Deposits	3,101	6,297	4,422	4,064
Repurchase obligation for restricted shares	167,833	71,457	–	–
Payables for production plant of Sinuo	49,626	274,017	264,131	254,210
Repurchase obligation for non-controlling interests . .	141,176	141,176	141,176	114,462
Accrued issue costs	–	–	–	4,217
Other tax payables	14,078	6,659	5,396	4,762
Others	13,072	6,707	5,323	3,470
	<u>439,479</u>	<u>545,817</u>	<u>472,999</u>	<u>416,628</u>
Total	707,050	818,911	978,891	853,381
Less: Amounts shown under long-term payables	(190,802)	(415,193)	(264,131)	(112,985)
	<u>516,248</u>	<u>403,718</u>	<u>714,760</u>	<u>740,396</u>

FINANCIAL INFORMATION

Trade and bills payables

Our trade and bills payables increased from RMB267.6 million as of December 31, 2022 to RMB273.1 million as of December 31, 2023, and further to RMB505.9 million as of December 31, 2024, primarily attributable to (i) the increase in our procurement of raw materials in line with our business growth, and (ii) more favorable credit terms granted by our suppliers. Our trade and bills payables decreased to RMB436.8 million as of September 30, 2025, primarily due to the settlement in the nine months ended September 30, 2025 of payables for which payment terms had been extended through negotiations with suppliers at the end of 2024 as part of our cash flow management strategy.

The credit period of trade payables is mainly ranging from 0 to 90 days. The following table sets forth the aging analysis of our trade payables based on the invoice dates as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	139,333	180,530	317,387	210,327
91 to 180 days	54,146	45,818	108,716	115,316
181 to 365 days	60,408	25,842	51,848	86,210
Over 1 year	13,684	20,904	27,941	24,900
	<u>267,571</u>	<u>273,094</u>	<u>505,892</u>	<u>436,753</u>

The following table sets forth our average trade payables turnover days for the years or periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Trade payables turnover days ⁽¹⁾	<u>69</u>	<u>73</u>	<u>109</u>	<u>165</u>

Note:

- (1) Trade payables turnover days were calculated based on the average of opening and closing trade payables balance divided by cost of sales for the relevant year/period, and multiplied by the respective number of days in that year/period.

Our trade payables turnover days increased during the Track Record Period, from 69 days in 2022 to 73 days in 2023, and further to 109 days in 2024, and further increased to 165 days in the nine months ended September 30, 2025, primarily as we obtained more favorable credit terms after negotiations with our suppliers.

As of November 30, 2025, RMB98.9 million or 36.3% of our trade payables as of September 30, 2025 had been subsequently settled.

FINANCIAL INFORMATION

Other payables

Other payables primarily consisted of (i) share repurchase obligation relating to restricted shares of our Company under the Share Incentive Scheme of the Company, (ii) repurchase obligation relating to our contractual repurchase obligation owed to a non-controlling shareholder of Inner Mongolia Sinuo, and (iii) payables relating to our Suizhou Project.

Other payables increased from RMB439.5 million as of December 31, 2022 to RMB545.8 million as of December 31, 2023, primarily because we increased our investment in the construction of our Suizhou Project. Other payables decreased from RMB545.8 million as of December 31, 2023 to RMB473.0 million as of December 31, 2024, primarily because we performed our share repurchase obligations under the Share Incentive Scheme of the Company in 2024.

Other payables further decreased to RMB416.6 million as of September 30, 2025, primarily due to (i) payment of annual bonuses accrued at the end of 2024, (ii) settlement of accrued expenses recognized at the end of 2024, (iii) partial payment of construction costs for Sinuo’s production plant, and (iv) payment for the repurchase obligation owed to a non-controlling shareholder of Inner Mongolia Sinuo, partially offset by an increase in accrued issue costs related to [REDACTED] expenses.

Long-term payable represented payables for production plant of Sinuo and the repurchase obligation for non-controlling interest. As the repurchase obligation for non-controlling interest will be expiring in 2025, such was classified as current liabilities as at December 31, 2024. Upon completion of our production plant of Sinuo, our payables to the suppliers will be settled over few years. As of September 30, 2025, part of such payables will be due in within 12 months from September 30, 2025, as such, the relevant part of such payables was classified under current liabilities.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our capital expenditure and working capital requirements primarily through cash generated from operating and financing activities. In the future, we expect to continue relying on cash generated from operating activities and bank loans, as well as net [REDACTED] from the [REDACTED] to fund our working capital needs.

In order to improve our management over liquidity and capital resources, we have adopted internal control measures. Our principal goals include (i) to ensure we have sufficient working capital to support our daily operations and urgent needs for cash, (ii) to pursue return on investments of idle cash through prudent investment strategies, and (iii) to control risks in the deposit, use and investment of cash.

In our daily operations, the finance department will manage our working capital according to the plan to avoid business interruption due to shortage of funds or waste of resources due to excessive idle funds. The capital manager shall track the receipts based on the plan and form reports in this regard, and submit a cash flow forecast to the chief financial officer and general manager for review. We also intend to strengthen the internal policy to control the trade receivables in various aspects, including, among others, monitoring of the progress of receivables collection and negotiating with customers regarding the delayed payment.

FINANCIAL INFORMATION

Net Current Assets (Liabilities)

The following table sets forth our current assets and current liabilities of the statements of financial position as of the respective dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets				
Inventories	923,175	620,999	620,957	649,037
Trade and other receivables at amortized cost	359,325	355,976	421,047	446,915
Trade and bills receivables at FVTOCI	93,025	115,868	149,261	114,990
Financial assets at FVTPL . .	187,728	88,537	72,533	79,617
Derivative financial instrument	—	—	419	—
Restricted bank balances . .	69,978	28,375	101,800	105,552
Cash and cash equivalents . .	559,605	764,524	361,665	187,870
Total current assets	<u>2,192,836</u>	<u>1,974,279</u>	<u>1,727,682</u>	<u>1,583,981</u>
Current liabilities				
Trade and other payables . .	516,248	403,718	714,760	740,396
Contract liabilities	13,838	18,045	4,965	7,594
Tax liabilities	12,615	1,152	168	—
Derivative financial instrument	1,522	—	—	415
Borrowings	719,315	822,892	837,282	856,430
Lease liabilities	14,702	10,971	9,702	10,583
Total current liabilities . . .	<u>1,278,240</u>	<u>1,256,778</u>	<u>1,566,877</u>	<u>1,615,418</u>
Net current assets (liabilities)	<u>914,596</u>	<u>717,501</u>	<u>160,805</u>	<u>(31,437)</u>

Our net current assets decreased from RMB914.6 million as of December 31, 2022 to RMB717.5 million as of December 31, 2023, primarily due to (i) a decrease in our inventories by RMB302.2 million, and (ii) a decrease in financial assets at FVTPL by RMB99.2 million.

Our net current assets decreased from RMB717.5 million as of December 31, 2023 to RMB160.8 million as of December 31, 2024, primarily due to (i) a decrease in our cash and cash equivalents by RMB402.9 million as we used cash in our investing activities including our Suizhou Project, and (ii) an increase in our trade and other payables by RMB311.0 million.

FINANCIAL INFORMATION

We recorded net current assets of RMB160.8 million as of December 31, 2024 and net current liabilities of RMB31.4 million as of September 30, 2025. Such change was primarily due to (i) a decrease in our cash and cash equivalent by RMB173.8 million as we used cash in our investing activities; (ii) an increase in our trade and other payables by RMB25.6 million; and (iii) an increase in our borrowings due within one year by RMB19.1 million. See “Discussion of Certain Items of Statements of Financial Position — Trade and Other Payables” for details.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our statements of cash flows for the years or periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash used in operating activities	(640,657)	(122,357)	(121,333)	(182,260)	(49,673)
Net cash used in investing activities	(141,372)	(169,857)	(182,941)	(128,361)	(121,818)
Net cash generated from (used in) financing activities	868,799	497,404	(96,557)	(108,073)	(1,948)
Net increase (decrease) in cash and cash equivalents	86,770	205,190	(400,831)	(418,694)	(173,439)
Effect of foreign exchange rate changes .	871	(271)	(2,028)	(873)	(356)
Cash and cash equivalents at beginning of the year/period	471,964	559,605	764,524	764,524	361,665
Cash and cash equivalents at end of the year/period	559,605	764,524	361,665	344,957	187,870

Net Cash Used in Operating Activities

During the nine months ended September 30, 2025, our net cash used in operating activities was RMB49.7 million, primarily due to our loss before taxation of RMB86.1 million, as adjusted by (i) non-cash or non-operating items, which primarily included (a) finance costs of RMB58.3 million, (b) depreciation of property, plant and equipment of RMB71.7 million, (c) amortization of intangible assets of RMB26.0 million; and (ii) changes in working capital, which primarily included (a) a decrease in trade and other payables of RMB73.8 million, (b) an increase in inventories of RMB33.0 million, and (c) an increase in trade and bills receivables at FVTOCI of RMB22.6 million.

FINANCIAL INFORMATION

In 2024, our net cash used in operating activities was RMB121.3 million, primarily due to our loss before taxation of RMB269.1 million, as adjusted by (i) non-cash or non-operating items, which primarily included (a) finance costs of RMB67.8 million, (b) share-based payment expenses of RMB64.0 million, (c) depreciation of property, plant and equipment of RMB55.7 million, (d) write-down for inventories of RMB53.0 million, and (e) amortization of intangible assets of RMB35.5 million; and (ii) changes in working capital, which primarily included (a) an increase in trade and other payables of RMB165.9 million, (b) an increase in trade and other receivables of RMB66.8 million, (c) an increase in inventories of RMB60.5 million, (d) an increase in trade and bills receivables at FVTOCI of RMB139.2 million and (e) an increase in guarantee deposits for issuance of bank bills of RMB71.2 million.

In 2023, our net cash used in operating activities was RMB122.4 million, primarily due to our loss before taxation of RMB603.9 million, as adjusted by (i) non-cash or non-operating items, which primarily included (a) write-down for inventories of RMB123.4 million, (b) loss on fair value changes of financial assets at FVTPL of RMB 98.7 million, (c) finance costs of RMB70.0 million, (d) depreciation of property, plant and equipment of RMB60.5 million, and (e) amortization of intangible assets of RMB58.1 million; and (ii) changes in working capital, which primarily included (a) a decrease in inventories of RMB166.2 million, (b) a decrease in trade and bills receivables at FVTOCI of RMB121.1 million and (c) a decrease in trade and other payables of RMB74.9 million.

In 2022, our net cash used in operating activities was RMB640.7 million, primarily due to our loss before taxation of RMB7.8 million, as adjusted by (i) non-cash or non-operating items, which primarily included (a) share-based payment expenses of RMB138.1 million, (b) amortization of intangible assets of RMB50.2 million, (c) depreciation of property, plant and equipment of RMB49.8 million, and (d) gain on fair value changes of financial assets at FVTPL of RMB 45.7 million; and (ii) changes in working capital, which primarily included (a) an increase in inventories of RMB633.7 million, (b) an increase in trade and other receivables of RMB103.7 million, (c) a decrease in contract liabilities of RMB42.7 million, and (d) a decrease in trade and other payables of RMB103.2 million.

We have been improving our net operating cash outflows position primarily through (i) enhancing collection of trade receivables by actively communicating with customers for settlement; (ii) negotiating with existing and new suppliers for more favorable credit terms; (iii) accelerating inventory turnover and maintain a lower inventory level; and (iv) improving the working capital management and control the discount of bill receivables. For instance, our finance department requests sales team to monitor the settlement of trade receivables and provide updates of actual settlement and future action plans for trade receivables collection monthly. Furthermore, benefiting from our inventory management measures, our inventory turnover days for the eleven months ended November 30, 2025 was 220 days as compared with 223 days for the nine months ended September 30, 2025. In the mean time, we have been actively improve our profitability through various measures. See “Business — Business Sustainability” for details.

FINANCIAL INFORMATION

Net Cash Used in Investing Activities

During the nine months ended September 30, 2025, our net cash used in investing activities was RMB121.8 million, primarily due to (i) payments for purchase and deposits paid for property, plant and equipment of RMB95.2 million and (ii) payments for purchase of intangible assets of RMB29.3 million.

In 2024, our net cash used in investing activities was RMB182.9 million, primarily due to (i) payments for purchase and deposits paid for property, plant and equipment of RMB157.2 million, and (ii) payments for purchase of intangible assets of RMB37.2 million.

In 2023, our net cash used in investing activities was RMB169.9 million, primarily due to (i) payments for purchase and deposits paid for property, plant and equipment of RMB196.6 million, (ii) payments for purchase of intangible assets of RMB21.3 million, (iii) payments for purchase of financial assets at FVTPL of RMB496.9 million and (iv) proceeds from disposal of financial assets at FVTPL of RMB497.4 million.

In 2022, our net cash used in investing activities was RMB141.4 million, primarily due to (i) payments for purchase and deposits paid for property, plant and equipment of RMB67.0 million, (ii) payments for purchase of intangible assets of RMB64.7 million, (iii) payments for purchase of financial assets at FVTPL of RMB190.2 million and (iv) proceeds from disposal of financial assets at FVTPL of RMB188.5 million.

Net Cash (Used in) Generated from Financing Activities

During the nine months ended September 30, 2025, our net cash used in financing activities was RMB1.9 million, primarily due to (i) interest paid of RMB67.2 million, (ii) repayment of bank borrowings of RMB693.8 million and (iii) repurchase of non-controlling interests of RMB30.0 million partially offset by proceeds from borrowings raised of RMB818.5 million.

In 2024, our net cash used in financing activities was RMB96.6 million, primarily due to (i) the repurchase of the Company’s shares of RMB71.5 million, (ii) interest paid of RMB70.8 million, (iii) repayment of bank borrowings of RMB834.3 million; partially offset by the proceeds from borrowings raised of RMB895.0 million.

In 2023, our net cash generated from financing activities was RMB497.4 million, primarily due to proceeds from borrowings raised of RMB1,307.1 million; partially offset by the repayments of bank borrowings of RMB712.5 million and the interest paid of RMB73.8 million.

FINANCIAL INFORMATION

In 2022, our net cash generated from financing activities was RMB868.8 million, primarily due to (i) proceeds from borrowings raised of RMB962.6 million, and (ii) capital injection from non-controlling shareholders of subsidiaries of RMB149.1 million; partially offset by the repayments of borrowings of RMB208.9 million the interest paid of RMB34.2 million.

INDEBTEDNESS

Our indebtedness primarily consist of (i) repurchase obligation for restricted shares relating to Share Incentive Scheme of the Company, (ii) repurchase obligation for non-controlling interests owed to a non-controlling shareholder of Inner Mongolia Sinuo, (iii) borrowings, and (iv) lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	September 30,	November 30,
	2025	2025			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Repurchase obligation for restricted shares	167,834	71,457	–	–	–
Repurchase obligation for non-controlling interests ^(Note)	141,176	141,176	141,176	114,462	115,216
Borrowings	1,138,280	1,638,719	1,592,300	1,647,589	1,645,264
Lease liabilities	56,130	46,136	39,060	35,119	33,206
Total indebtedness	<u>1,503,420</u>	<u>1,897,488</u>	<u>1,772,536</u>	<u>1,797,170</u>	<u>1,793,686</u>

Note: Such balance was pledged by 70.12% equity interests in Inner Mongolia Sinuo and certain shares of our Company held by Mr. Sun. See note 29 and note 40 to the Accountants’ Report included in Appendix I to this document for details.

Save as disclosed below, we did not have any bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of the latest practicable date for our indebtedness statement. There has been no material change in indebtedness since November 30, 2025 and up to the Latest Practicable Date.

FINANCIAL INFORMATION

Borrowings

The following table sets forth the principal amounts of our borrowings as of the dates indicated:

	As of December 31,			As at September 30,	As at November 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	975,611	1,476,350	1,422,663	1,447,415	1,490,833
Other borrowings					
(note a)	154,536	97,200	102,256	97,840	95,046
Discount bills with					
recourse (note b) . . .	8,133	65,169	67,381	102,334	59,385
	<u>1,138,280</u>	<u>1,638,719</u>	<u>1,592,300</u>	<u>1,647,589</u>	<u>1,645,264</u>
Secured (note c)	599,714	692,078	779,182	932,705	883,295
Unsecured	538,566	946,641	813,118	714,884	761,969
	<u>1,138,280</u>	<u>1,638,719</u>	<u>1,592,300</u>	<u>1,647,589</u>	<u>1,645,264</u>
Guaranteed	643,328	1,105,466	1,134,193	1,124,344	1,158,717
Unguaranteed	494,952	533,253	458,107	523,245	486,547
	<u>1,138,280</u>	<u>1,638,719</u>	<u>1,592,300</u>	<u>1,647,589</u>	<u>1,645,264</u>

Notes:

- (a) Other borrowings amounting to RMB154.5 million, RMB97.2 million, RMB102.3 million, RMB97.8 million and RMB95.0 million, respectively, represented loans provided by certain other financial institutions, as at December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, some of which are guaranteed by our Company, certain subsidiaries and secured by certain properties. During the Track Record Period, our other borrowings carried interest rates ranging from 7.11% per annum to 8.79% per annum, from 5.74% per annum to 8.79% per annum, from 5.00% per annum to 8.79% per annum and from 4.85% per annum to 6.19% per annum, respectively, as at December 31, 2022, 2023 and 2024 and September 30, 2025. The maturity of loan balances ranged from June 2024 to December 2024, from June 2024 to May 2026, from May 2026 to April 2027 and from August 2026 to April 2027, respectively, as at December 31, 2022, 2023 and 2024 and September 30, 2025.

- (b) As at December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, bills discounted with recourse include the proceeds received from the discounting of bills issued by group entities of RMB8.1 million, RMB65.2 million, RMB67.4 million, RMB102.3 million and RMB59.4 million, respectively, to banks with recourse.

During the Track Record Period, the discounted bills carried at fixed interest rate of 1.20% to 2.63%, 1.00% to 2.63%, 0.90% to 3.40% and 0.60% to 4.26% per annum at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

- (c) Certain bank and other loans were secured by property, plant and equipment, right-of-use assets, investment properties, trade and bills receivables at FVTOCI and pledged bank deposits. Details are set out in note 45 of the Accountants' Report as set out in Appendix I to this document.

FINANCIAL INFORMATION

Our total borrowings increased from RMB1,138.3 million as of December 31, 2022 to RMB1,638.7 million as of December 31, 2023, primarily to support the construction of our Suizhou Project and our business expansion. Our total borrowings decreased to RMB1,592.3 million as of December 31, 2024, primarily as we repaid certain bank loans within 2024. Our total borrowings increased to RMB1,647.6 million as of September 30, 2025, primarily attributable to the financing needs arising from our business expansion and the settlement of construction payments in connection with the Suizhou Project. Our total borrowings remained relatively stable at RMB1,647.6 million and RMB1,645.3 million as of September 30, 2025 and November 30, 2025, respectively.

The effective interest rates of our borrowings ranged from 0.60% per annum to 8.79% per annum in 2022, 2023 and 2024 and September 30, 2025. We consider these interest rates to be within the range of market interest rates.

We consider our borrowing agreements to contain standard terms, conditions and covenants that are customary for commercial bank loans and other financial institutions. Our Directors confirm that we did not experience any difficulty in obtaining borrowings, or any default in payment of borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of November 30, 2025, we had committed but unutilized banking facilities of RMB778.0 million.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As at September 30,	As at November 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current	14,702	10,971	9,702	10,583	9,962
Non-current	41,428	35,165	29,358	24,536	23,244
	<u>56,130</u>	<u>46,136</u>	<u>39,060</u>	<u>35,119</u>	<u>33,206</u>

As of December 31, 2022, 2023 and 2024, of September 30, 2025 and November 30, 2025, our lease liabilities were RMB56.1 million, RMB46.1 million, RMB39.1 million, RMB35.1 million and RMB33.2 million, respectively. These lease liabilities are primarily related to lease contracts of our R&D, manufacturing and office premises. Our lease liabilities decreased throughout the Track Record Period primarily as we performed our rental payment obligations under the relevant leases.

FINANCIAL INFORMATION

As of November 30, 2025, RMB2.3 million or 6.5% of our lease liabilities as of September 30, 2025 had been subsequently settled.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of and for the year or period indicated:

	As of and for the year ended December 31,			As of and for nine months ended September 30,
	2022	2023	2024	2025
R&D intensity	23.7%	32.2%	23.3%	17.1%
Current ratio	1.7	1.6	1.1	1.0
Quick ratio	1.0	1.1	0.7	0.6
Net debt to equity ratio	33.2%	70.2%	116.9%	149.5%

R&D Intensity

Our R&D intensity is calculated by dividing R&D expenditures (including R&D expenditure capitalized and expenses, excluding share-based payments) by revenue.

Our R&D intensity exceeded 17% during the Track Record Period. The increase in 2023 was primarily as we initiated a number of R&D projects of high-end, high-performance chip products in 2022, and our investments in such projects increased in 2023. The decrease for the nine months ended September 30, 2025 was primarily due to the completion and deployment of several major R&D projects in 2024. In addition, the development of multiple high-end, high-performance chip products was at different stages, resulting in varying levels of R&D investment across projects.

Current Ratio and Quick Ratio

The calculation of current ratio is based on current assets divided by current liabilities as of the year end. Our quick ratio is calculated by our current assets less inventories divided by our current liabilities as of the year end.

FINANCIAL INFORMATION

Our current ratio remained relatively stable at 1.7 as of December 31, 2022 and 1.6 as of December 31, 2023, respectively, and decreased to 1.1 as of December 31, 2024 and further remained relatively stable at 1.0 as of September 30, 2025 primarily due to the decrease in current assets and increase in current liabilities.

Our quick ratio remained relatively stable at 1.0 as of December 31, 2022 and 1.1 as of December 31, 2023, respectively, and decreased to 0.7 as of December 31, 2024 and further remained relatively stable at 0.6 as of September 30, 2025 primarily due to the decrease of current assets less inventories and increase in current liabilities.

Net debt to equity ratio

Our net debt to equity ratio increased from 33.2% as of December 31, 2022 to 70.2% as of December 31, 2023, and further increased to 116.9% as of December 31, 2024 primarily due to drawdown of bank loans financing our operation including research and development activities as well as making capital investments such as acquisition of plant and equipment for the new production plant. As of September 30, 2025, our net debt to equity ratio increased to 149.5% due to the same reasons.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period consist of expenditures on the additions to property, plant and equipment, right-of-use assets and intangible assets. Our capital expenditures amounted to RMB294.8 million, RMB497.0 million, RMB366.9 million, RMB112.0 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively. Historically, we have funded our capital expenditures mainly through cash generated from our operations and bank borrowings.

We expect our capital expenditures to increase in the future as our business continues to grow, which we will use primarily for development expenditures recorded under intangible assets. We expect to fund future capital expenditures through cash generated from operations, bank borrowings and the net [REDACTED] from the [REDACTED].

FINANCIAL INFORMATION

Capital and Other Commitments

Our capital and other commitments primarily relate to acquisition of plant and equipment and equity investments in subsidiaries and entities we hold a minority stake. The following table sets forth the details of our capital and other commitments as of the dates as indicated:

	As of December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration committed in respect of acquisition of plant and equipment contracted for but not provided in the historical financial information	343,770	266,276	125,987	144,198
Consideration committed in respect of equity investments contracted for but not provided in the historical financial information	3,525	3,525	13,525	7,500

RELATED PARTY TRANSACTIONS

During the Track Record Period, we did not enter into transactions with our related parties except for the remunerations of directors and other key management personnel as set forth in note 40 of the Accountants’ Report in Appendix I to this document.

PROPERTY INTERESTS AND VALUATION OF PROPERTIES

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified property valuer, valued our selected property interests as of November 30, 2025 at RMB165.4 million. Details of the valuation are summarized in Appendix III to this document. The following table sets out the reconciliation between the net carrying amount of the property as of September 30, 2025 as extracted from the Accountants’ Report in Appendix I to this document and the property valuation report as set out in Appendix III to this document as of November 30, 2025:

	RMB'000
Net carrying amount of the subject property as of September 30, 2025	166,600
Subtract: Changes in fair value	1,200
Valuation of the subject property as of November 30, 2025, as set out in Appendix III	165,400

FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet arrangements.

FINANCIAL RISKS

Market Risk

Our activities expose primarily to the market risks of changes in interest rates. There are no significant changes to our exposure to market risks or the manner in which it manages and measures the risk. For more details, see note 41 to the Accountants’ Report included in Appendix I to this document.

Currency risk

We mainly have cash and cash equivalents which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

We entered into foreign currency forward contracts to hedge certain liabilities denominated in foreign currency. Given this, the management considers that the net exposure to currency risk is kept to an appropriate level. It is our policy to negotiate the terms of the hedge derivatives to match the terms of the hedged items to maximize hedge effectiveness. Details of the foreign currency forward contracts entered into by us at the end of each reporting period are set out in note 31 to the Accountants’ Report as set out in Appendix I to this document.

Interest rate risk

We are exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. We are also exposed to cash flow interest rate risk in relation to variable-rate restricted bank balances, variable-rate cash and cash equivalents and variable-rate borrowings.

Our exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Our cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark rates.

We do not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Other price risk

We are exposed to equity price risk through our investments in equity investments at FVTOCI and financial assets at FVTPL. We are exposed to equity security price risk arising from equity investments. The management will monitor the price movements and take appropriate actions when it is required.

FINANCIAL INFORMATION

Credit Risk

At the end of each reporting period, our maximum exposure to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

Trade and bills receivables arising from contracts with customers

In order to minimize the credit risk, our management has delegated the responsible personnel for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. We may require a deposit to be received from most of the customers before acceptance of orders. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that our credit risk was significantly reduced during the Track Record Period.

In addition, we perform impairment assessment under ECL model on trade and bills receivables which are credit-impaired individually. The remaining trade and bills receivables are grouped and assessed on collective basis based on customers’ aging of outstanding balances. Impairment losses of RMB0.7 million, RMB5.4 million, RMB0.6 million, RMB5.4 million and RMB4.4 million are recognized in profit or loss for 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively. Details of the quantitative disclosures are set out in note 41 to the Accountants’ Report included in Appendix I to this document.

Other receivables

The credit risk of our other receivables are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. We also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the Directors consider that our credit risk was significantly reduced during the Track Record Period.

In addition, our Group performs impairment assessment under ECL model on other receivables which are credit-impaired individually.

Restricted bank balances and cash and cash equivalents

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC. In the opinion of the Directors, the risk of default by these counterparties was not significant and we assessed that the ECL on these balances were insignificant during the Track Record Period.

FINANCIAL INFORMATION

For more details, see note 41 to the Accountants’ Report included in Appendix I to this document.

Liquidity Risk

In the management of liquidity risk, our management monitors and maintains 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.

We manage our capital to ensure that our Company and other entities in the Group will be able to continue as a going concern while maximizing the return to shareholder through the optimization of the debt and equity balance. Our overall strategy remains unchanged throughout the Track Record Period.

Our capital structure consists of net debts, which includes, where appropriate, long-term payables and borrowings, net of cash and cash equivalent and equity attributable to the owners of the Company, comprising share capital, accumulated losses, various reserves and non-controlling interests.

Our Directors review the capital structure on regular basis. As part of this review, our Directors consider the cost of capital and the risks associated with each class of capital, and takes appropriate actions to balance its overall capital structure.

For more details, see note 41 to the Accountants’ Report included in Appendix I to this document.

DIVIDENDS

No dividend had been paid or declared by our Company during the Track Record Period, as we have incurred net losses and did not have distributable profit during the period. There is no assurance that dividends of any amount will be declared or be distributed in any year. We have a dividend policy in compliance with the PRC laws and regulations. Pursuant to our Articles of Association, in principle, the amount of the dividends distributed in cash each year should not be less than 10% of the distributable profits that are available for distribution in the current year, the amount of the dividends distributed in cash in every three years should be at least 30% of our profits for these three years that are available for distribution, subject to certain specified conditions. As confirmed by our PRC Legal Advisors, we have not breached the provisions in our Articles of Association in relation to dividend distribution during the Track Record Period and our Articles of Association is in compliance with all applicable PRC laws and regulations. After the completion of the [REDACTED], our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, financial conditions, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders’ approval.

FINANCIAL INFORMATION

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the estimated net [REDACTED] from the [REDACTED] and the financial resources available to us, including our cash and cash equivalents, our available banking facilities and expected cash generated from operating activities, we have sufficient working capital to meet our present needs and for the foreseeable future.

DISTRIBUTABLE RESERVES

As of September 30, 2025, our Company had no distributable retained profits.

[REDACTED] EXPENSES

Based on the [REDACTED] of [REDACTED] per Share, the total estimated [REDACTED] expenses in relation to the [REDACTED] are [REDACTED], assuming the [REDACTED] is not exercised, which constitute approximately [REDACTED] of the gross [REDACTED]. The [REDACTED] expenses we incurred during the Track Record Period and expected to be charged to equity (relating to [REDACTED] expenses directly attributable to the issue of share) was [REDACTED]. Approximately [REDACTED] of the total [REDACTED] expenses is expected to be charged to our consolidated statements of profit or loss, and approximately [REDACTED] is expected to be charged to equity (relating to [REDACTED] expenses directly attributable to the issue of shares). Our total [REDACTED] expenses consist of (i) [REDACTED] expenses of [REDACTED]; and (ii) [REDACTED] expenses of [REDACTED], including (a) fees payable to our legal advisors and Reporting Accountants of [REDACTED] and (b) other fees and expenses, including sponsors fees and the fees of other professional parties, of [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following [REDACTED] statement of adjusted net tangible assets of the Company prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of [REDACTED] Financial Information for Inclusion in Investment Circulars” issued by the HKICPA is set out here to illustrate the effect of the [REDACTED] on the net tangible assets of the Company as of September 30, 2025 as if the [REDACTED] had taken place on September 30, 2025.

FINANCIAL INFORMATION

The [REDACTED] statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Company had the [REDACTED] been completed as of September 30, 2025 or any future date.

	Net tangible assets of the Company as of September 30, 2025 ⁽¹⁾	Estimated net [REDACTED] from the [REDACTED] ^(2&4)	[REDACTED] adjusted net tangible assets of the Company	[REDACTED] adjusted net tangible assets of the Company per Share ⁽³⁾	
	RMB'000	RMB'000	RMB'000	RMB	HK\$ ⁽⁴⁾
Based on an [REDACTED] of [REDACTED] per [REDACTED] . . .	703,779	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of [REDACTED] per [REDACTED] . . .	703,779	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025 is arrived at after deducting goodwill and intangible assets attributable to owners of the Company of RMB257,980,000 from the audited consolidated net assets of the Group attributable to owners of the Company as of September 30, 2025 of RMB961,759,000, as extracted from the Accountants' Report of the Group set out in Appendix I to this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on the expected issuance of [REDACTED] H Shares at the indicative [REDACTED] of [REDACTED] and [REDACTED] per [REDACTED], respectively, being the [REDACTED] and [REDACTED] of this stated [REDACTED], after deduction of estimated [REDACTED] fee and other related [REDACTED] expenses paid or payable by the Company and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED].

For the purpose of this [REDACTED] statement, the estimated net [REDACTED] from the [REDACTED] denominated in Hong Kong dollars has been converted into Renminbi at the rate of HK\$1.1025 to RMB1.00, which was the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the People's Bank of China. No representation is made that the Hong Kong dollars denominated amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

- (3) The [REDACTED] adjusted net tangible assets of the Company per Share are arrived at after the above adjustment and on the basis that [REDACTED] shares are in issue immediately following the completion of the [REDACTED] and assuming that the [REDACTED] had been completed on September 30, 2025 without taking into account of the Shares which may be issued upon exercise of the [REDACTED].
- (4) For the purpose of the [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025 per Share, the amounts are converted from Renminbi to Hong Kong dollars at an exchange rate of RMB1.00 to HK\$1.1025, being the PBOC rate prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollars amounts have been, could have been or may be converted into Renminbi, or vice versa at that rate.

FINANCIAL INFORMATION

- (5) The [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company does not take into account the effect of any trading results or other transaction of the Group entered into subsequent to September 30, 2025.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there had 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 had been no event since September 30, 2025 that would materially affect the information shown in the Accountants’ Report set out 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 are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

Our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, will have or be deemed or taken to have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to 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 nominal values of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company.

Our Company does not have any substantial shareholders (as defined in the Listing Rules). Further, our Company does not have any controlling shareholders and our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was 583,126,700 A Shares of nominal value of RMB1.00 each, which are all listed on the ChiNext Market of the Shenzhen Stock Exchange.

<u>Number of Shares</u>	<u>Description of Shares</u>	<u>Approximate percentage of total issued share capital</u>
583,126,700	A Shares in issue	100.0%

UPON COMPLETION OF THE [REDACTED]

Immediately after the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, the share capital of our Company will be as follows:

<u>Number of Shares</u>	<u>Description of Shares</u>	<u>Approximate percentage of total issued share capital</u>
583,126,700	A Shares in issue	[REDACTED]
[REDACTED]	H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]
<u>[REDACTED]</u>	Total	<u>[REDACTED]</u>

The above table assumes that the [REDACTED] has become unconditional and the H Shares are [REDACTED] pursuant to the [REDACTED].

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.

SHARE CAPITAL

RANKINGS

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 LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] 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股公司境內未上市股份申請“全流通”業務指引》) announced by the CSRC are not applicable to companies dual listed on the Shenzhen Stock Exchange 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] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue 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 June 16, 2025 and is subject to the following conditions:

- (i) *Size of the [REDACTED]*. The proposed number of H Shares to be [REDACTED] shall not exceed 20% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED].
- (ii) *Method of [REDACTED]*. The method of [REDACTED] shall be by way of an [REDACTED] to [REDACTED] and a [REDACTED] for [REDACTED] in Hong Kong.
- (iii) *Target [REDACTED]*. The H Shares shall be issued to [REDACTED] in Hong Kong under the [REDACTED] and [REDACTED], qualified domestic [REDACTED] in Mainland China and other [REDACTED] who are approved by mainland Chinese regulatory bodies to invest abroad in [REDACTED].

SHARE CAPITAL

- (iv) **[REDACTED]** *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 24 months from the date when the shareholders’ meeting was held on June 16, 2025.

There is no other approved **[REDACTED]** plans for our Shares except the **[REDACTED]**.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company will have only one class of Shares upon completion of the **[REDACTED]**, namely ordinary shares, and each carries the same rights as with the other Shares.

For details of circumstances under which our Shareholders’ general meetings are required, see “Appendix VI — Summary of Articles of Association” to this document.

REGULATORY OVERVIEW

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Company Law

According to the PRC Company Law (《中華人民共和國公司法》) implemented by Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) on December 29, 1993 and most recently amended on December 29, 2023 and implemented on July 1, 2024, both limited liability companies and joint stock limited companies established in the PRC have the status of legal persons. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of capital they have contributed or shares they have subscribed for. The PRC Company Law shall also apply to foreign-invested companies unless laws on foreign investment have stipulated otherwise.

Policies Relating to the Integrated Circuit Industry

In June 2014, the State Council of the PRC (the “State Council”) promulgated the Outline for Promoting the Development of the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), which stated that the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. The main tasks and development priorities are to focus on the development of integrated circuit design industry, centering on key areas of the industry chain, strengthening integrated circuit design, software development, system integration, content and service collaborative innovation, and driving the development of the manufacturing industry with the rapid growth of the design sector.

In November 2016, the State Council promulgated the “State Council’s Notice on the Issuance of the Development Plan for the Nation’s Strategic Emerging Industries under the ‘13th Five-Year’ Plan”, with a view to initiate the major productivity layout and planning project for integrated circuits, and implement a series of high-impact projects to drive rapid leaps in industrial capabilities, as well as accelerate the construction of production lines for advanced manufacturing processes, storage devices and specialty technologies, enhance the design and development capability and application level of key products such as safe and reliable CPUs, digital-to-analog/analog-to-digital converter chips and digital signal processing chips, and promote the rapid development of industries such as packaging and testing, key equipment and materials, support the improvement of service level of foundries and third-party IP core companies, support collaborative innovation between design enterprises and manufacturing enterprises, and promote key segments to increase industrial concentration and collaborative innovation in the semiconductor display industry chain.

In July 2020, the State Council announced the Several Policies for Promoting the High-quality Development of Integrated Circuit Industry and Software Industry in the New Era, in order to further optimize the development environment of the integrated circuit industry and software sectors, deepen international cooperation in the industry, and enhance the

REGULATORY OVERVIEW

industrial innovation capability and development quality, launch a series of supporting fiscal and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation policies.

In December 2020, the Ministry of Finance, the General Administration of Taxation, the NDRC, and the Ministry of Industry and Information Technology of the PRC (the “MIIT”) jointly released the “Announcement on Enterprise Income Tax Policy for Promoting High Quality Development of Integrated Circuit Industry and Software Industry” (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》). Pursuant to the aforesaid regulations, key integrated circuit design enterprises and software enterprises encouraged by the state are exempted from enterprise income tax for the first to fifth years starting from the profit-making year, and are subject to a reduced enterprise income tax rate of 10% in the succeeding years.

In March 2021, the National People’s Congress (the “NPC”) approved the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《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》), proposing to foster advanced manufacturing clusters and promote industrial innovation and development of integrated circuits, aerospace equipment, ship and ocean engineering equipment, robots, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, medicine, and medical equipment.

In March 2021, in accordance with the Notice on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (《財政部海關總署稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知》) issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, import behaviors that conform to the circumstances listed in this regulation are exempted from import duties, which is effective from July 27, 2020 to December 31, 2030.

In December 2021, the State Council promulgated the Notice by the State Council of Issuing the Plan for Development of the Digital Economy During the “14th Five-Year” Period (《國務院關於印發“十四五”數字經濟發展規劃的通知》), which states that during the 14th Five-Year Plan period, the innovation capabilities of key technologies should be strengthened, aiming at strategic forward-looking fields such as sensors, quantum information, network communications, integrated circuits, key software, big data, artificial intelligence, block chain, new materials, etc., and giving full play to the strengths of China’s socialist system, new-type national mobilization system, and super-sized market to enhance foundational R&D capabilities in digital technologies. It also states that key technical shortcomings should be made up, the organizational methods such as “selecting the best candidates via open competition mechanism” should be optimized and innovated, focusing on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthening the integrated research and development of general-purpose processors, cloud computing systems, and key software technologies. In

REGULATORY OVERVIEW

addition, the competitiveness of key links in the industrial chain should be improved, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet should be improved.

In May 2022, the State Taxation Administration issued the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises. In order to facilitate timely understanding of the applicable tax incentives, the above guidelines specify the contents of the incentives, eligibility criteria and policy basis for integrated circuit enterprises. For example, enterprises engaged in integrated circuit design, equipment, materials, packaging and testing encouraged by the state are entitled to periodic reduced enterprise income tax; key integrated circuit design enterprises encouraged by the state are entitled to periodic reduced enterprise income tax; and employee training fees of enterprises engaged in integrated circuit design are deductible before tax according to the actual amount incurred.

In April 2023, the Ministry of Finance and the State Taxation Administration jointly promulgated the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (《財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知》), which states that from January 1, 2023 to December 31, 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

Policies Relating to the Lithium-ion Battery Anode Material Industry

According to the Guiding Catalog for Industrial Restructuring (《產業結構調整指導目錄》) promulgated by the NDRC on December 2, 2005, which was last amended on December 27, 2023, and came into effect on February 1, 2024, new lithium primary batteries (lithium iron disulfide and lithium thionyl chloride, among others); Lithium-Ion batteries, semi and solid-state lithium-ion batteries, fuel cells, sodium-ion batteries, flow batteries, new-structure (bipolar, lead mesh horizontal, coiled, tubular, and other) sealed lead-acid batteries, lead carbon batteries and other new batteries and super-capacitors fall into the state-encouraged industries.

According to the Guiding Catalog for Key Products and Services for Strategic Emerging Industries (《戰略性新興產業重點產品和服務指導目錄》), which was promulgated by the NDRC on January 25, 2017, and came into effect on the same day, the ESS and its management system dedicated for Lithium-Ion battery cells, modules and systems; supercapacitor cells, modules and systems; new system power batteries cells, modules and systems; hybrid energy storage power modules and systems; modular nickel-metal hydride battery ESS; BMS, super capacitor management systems; electromechanical coupling systems, power battery systems, high-voltage wiring harnesses and other components; packet assemblers for fuel cell system; automobile- specific final assembly equipment; and production equipment for recycling of used batteries are key products and services for strategic emerging industries.

REGULATORY OVERVIEW

According to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the PRC (《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》) promulgated by the NPC on March 12, 2021 and came into effect on the same day, China will focus on new energy, new energy vehicles, environmental protection and other emerging industries of strategic importance, and accelerate the innovation and application of core technologies in key fields to enhance the country’s capacity of ensuring the supply of productive factors and foster new drivers for industrial development thereafter.

According to the Notice of the 14th Five-Year Plan for Circular Economy Development (《“十四五”循環經濟發展規劃的通知》), which was issued by the NDRC on July 1, 2021 and came into effect on the same day, in order to vigorously develop circular economy, promote resource conservation and intensive use, and build a resource recycling industrial system and recycling system of waste materials, the establishment of the traceability management platform for the EV batteries of NEVs shall be strengthened, and the traceability management system for the recycling and reuse of the EV battery of NEVs shall be improved.

According to the Guiding Opinions on Accelerating the Development of New Energy Storage (《關於加快推動新型儲能發展的指導意見》), which were jointly promulgated by the NDRC and the National Energy Administration (the “NEA”) on July 15, 2021 and came into effect on the same day, the PRC will strive to build a clean, low-carbon, safe and efficient energy system, and seek to drive down the cost and advance the commercial-scale application of more mature new energy storage technologies such as Lithium-Ion batteries, in an effort to achieve carbon peak and carbon neutrality. By 2025, it will realize the transition from the early stage of commercialization to scale development of new energy storage. By 2030, it will realize the full market-oriented development of new energy storage, and new energy storage will become one of the key supports for carbon peak and carbon neutrality in the energy sector.

According to the Standards for Lithium-Ion Battery Industry (2024 edition) (《鋰離子電池行業規範條件(2024年本)》) and the Measures for the Administration of Lithium-Ion Battery Industry (2024 edition) (《鋰離子電池行業規範公告管理辦法(2024年本)》), which were promulgated by the MIIT on June 18, 2024 and became effective on June 20, 2024, lithium-ion battery enterprises and projects shall comply with the requirements of laws and regulations regarding various aspects, such as the exploitation and use of resources, ecological and environmental protection, energy conservation management, safe production, and shall adhere to the requirements of the national industrial policy and relevant industrial planning and layout, as well as the requirements of the local national spatial and ecological environmental protection special planning, and shall have the necessary transportation conditions in place.

According to the Implementation Plan for the Building of the Carbon Footprint Management System (《關於建立碳足跡管理體系的實施方案》), which was promulgated by 15 departments including the Ministry of Ecology and Environment of PRC, the NDRC and the MTT on May 22, 2024 and came into effect on the same day, it will focus on key products such as power generation, lithium-ion batteries, new energy vehicles, photovoltaics, and electronics

REGULATORY OVERVIEW

and electrical appliances to formulate and publish accounting rules and standards. It will strive to promote the formulation of international carbon footprint standards for product in the fields of lithium-ion batteries, photovoltaics, new energy vehicles, and electronic and electrical appliances.

Laws and Regulations Relating to Foreign Investment

The NPC promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) on March 15, 2019, and the State Council promulgated the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) on December 26, 2019, which both became effective on January 1, 2020, and sets out the definition of foreign investment and the framework for the promotion, protection and administration of foreign investment activities.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. According to those measures, the relevant participants in the establishment of foreign invested enterprises, in the process of purchasing of the equities of a domestic enterprise by a foreign investor and in the process of the subscription of the increased registered capital of a domestic enterprise by a foreign investor are required to submit an initial report in a dedicated registration system. In addition, the relevant participant in the subsequent changes to important matters of the aforementioned enterprises, such as their shareholding structures, are required to submit a change report through the same registration system. Investment activities in the PRC by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the Negative List. The Negative List, which became effective on November 1, 2024, sets out special administrative measures in respect of the access of foreign investments in a centralized manner. Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) (the “**Measures**”) promulgated by NDRC and MOFCOM on December 19, 2020 and effective from January 18, 2021, foreign investments that have an actual or potential impact on national security are subject to security review in accordance with the provisions of the Measures. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply to the mechanism’s office for a security review prior to implementation of the investment: (1) investment in defense, defense support and related sectors that have a bearing on national defense security, as well as investment in areas surrounding military and defense facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important

REGULATORY OVERVIEW

information technology and Internet products and services, important financial services, key technologies, and other important sectors related to national security, while obtaining actual control over the invested enterprise.

Laws and Regulations On Overseas Investment

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the Ministry of Commerce of the PRC (the “MOFCOM”) on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by the National Development and Reform Commission (the “NDRC”) on December 26, 2017 and effective from March 1, 2018, domestic enterprises (the “investors”) in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects (the “Projects”), report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the investors directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the investors, namely, non-sensitive projects involving the investors’ direct contribution of assets or rights and interests or provision of financing or security, shall be subject to the management of record-filing. The aforementioned sensitive project means a project involving sensitive countries and regions or a sensitive industry. The NDRC promulgated the Catalog of Sensitive Sectors for Outbound Investment (2018 Edition) (境外投資敏感行業目錄(2018年版)), effective on March 1, 2018, to list the sensitive industries for foreign investment in detail.

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 by the State Administration of Foreign Exchange on February 13, 2015 and effective from June 1, 2015, which was last amended on December 30, 2019, the approval of foreign exchange registration for direct investment is canceled. Banks directly review and handle the foreign exchange registration for overseas direct investment. The State Administration of Foreign Exchange and its branches indirectly supervise the registration of foreign exchange for overseas direct investment through banks.

REGULATORY OVERVIEW

Laws and Regulations Relating to Product Quality

The PRC Product Quality Law (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018 is the principal governing law related to the supervision and administration of product quality. According to the PRC Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any physical injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (i) the product has not been put into circulation; (ii) the defects causing injuries or damage did not exist at the time when the product was put into circulation; or (iii) the science and technology at the time when the product was put into circulation were at a level incapable of detecting the existence of the defect. A seller shall be liable to compensate for any physical injuries or damage to property of others caused by the defects in the product. Where a product is defective due to a mistake made by the seller and such defect causes physical injury or damage to the property of others, the seller shall bear liability for compensation. Where a seller cannot specify the producer of a defective product nor the supplier of such defective product, the seller shall be liable for compensation. Where a defect in a product causes physical injuries to others or damages to the property of others, the victim may claim compensation from the producer of the product or from the seller of the product.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, in the event of damages caused to others due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, elimination of danger, etc.

Laws and Regulations Relating to Importation and Exportation of Goods

The PRC Foreign Trade Law (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and most recently amended on December 30, 2022, and the PRC Regulations on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, most recently amended on March 10, 2024 and came into effect on May 1, 2024, both stipulated that the import and export of goods and technologies to and from the PRC are free, unless otherwise in relevant laws or administrative regulations, and all entities engaging in the business of importation and exportation of goods shall comply with applicable laws and regulations. The PRC Customs Law (《中華人民共和國海關法》) promulgated on January 22, 1987, as most recently amended on April 29, 2021, stipulates that, among other things, the consignee or consignor of import or export goods or a customs agent shall file for record with relevant customs authority before going through any customs declaration procedures. Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General

REGULATORY OVERVIEW

Administration of Customs of the PRC on November 19, 2021, and effective from January 1, 2022, further gives detailed requirement on the documents needed for the filing and the requirement on reporting certain changes of the filed information to the relevant customs authority.

According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods issued by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

Laws and Regulations Relating to House Leasing

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994, was last revised on August 26, 2019 and came into effect on January 1, 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

In addition, according to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. If individuals or entities are in violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people's government of a municipality directly under the central government, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

Regulations Relating to Labor Contract, Social Insurance and Housing Provident Fund

According to (i) the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, and most recently amended on December 29, 2018, (ii) the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, most recently amended on December 28, 2012 and became effective on July 1, 2013, and (iii) the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, the employment relationship between employers and employees must be executed in

REGULATORY OVERVIEW

written form, and a minimum wage guarantee system shall be implemented. The wages paid by the employers to the employees shall not be less than the minimum wage as determined by the local governments at the provincial level. In addition, employers must establish a sound labor safety and hygiene system, and the labor safety and hygiene facilities must meet the standards stipulated by relevant authorities.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and most recently amended on December 29, 2018, the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and most recently amended on March 24, 2019, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council and most recently amended on March 24, 2019, an enterprise established within the PRC shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and contribute to the housing provident fund for its employees at a rate stipulated by the relevant authorities.

Employers that fail to promptly pay social insurance premiums in full amount will be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day. If such payment is still not made within the stipulated period, a fine ranging from one to three times of the amount in arrears will be imposed. Employers that fail to contribute to the housing provident fund in due time or contribute under the minimum amount will be ordered by the relevant housing provident fund management center to make the contribution within a stipulated period. If such contribution is still not made within the stipulated period, the relevant housing provident fund management center can file application with a people’s court for compulsory enforcement.

Laws and Regulations Relating to Intellectual Property

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, and most recently amended on October 17, 2020 which became effective on June 1, 2021 as well as the Implementation Rules for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, most recently amended on December 11, 2023 and became effective on January 20, 2024, invention creations that are eligible for the application of a patent shall include inventions, utility models and designs.

Inventions refer to new technical solutions for a product, method or the improvement thereof. Utility models refer to applicable and practical new technical solutions proposed for the shape or structure of a product or a combination thereof. Designs refer to new designs of the whole or partial shape or pattern of a product or a combination thereof, as well as a combination of color with shape or pattern, which has aesthetic value or is fit for industrial

REGULATORY OVERVIEW

application. Inventions and utility model patents must meet three criteria: novelty, inventiveness and practicability. The validity period of patent for inventions is 20 years, the validity period of patent for utility models is 10 years, and the validity period of patent for designs is 15 years, in each case starting from the date of application. The PRC patent system adopts a “first come, first file” principle, which means that where more than two persons file a patent application for the same invention, a patent will be granted to the person who applies first.

An invention creation that is accomplished by a person in the course of performing any task for an entity by which the inventor or designer is employed, or by using materials or technical means that are mainly from a certain entity shall be considered as a service-based invention creation. For a service-based invention creation, the right to apply for a patent belongs to the entity that employs the inventor or designer, or the entity that provided the majority of materials or technical means essential for the creation. Upon grant of the patent, such entity shall be the patentee. The patentee of a service patent shall reward the inventor or designer of the relevant service-based invention creation. After the implementation of the service patent, the inventor or designer shall be compensated reasonably according to the scope of market application of the patent as well as the economic benefits obtained from its implementation.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and most recently amended on April 23, 2019 which became effective on November 1, 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》) promulgated by the State Council on August 3, 2002 and most recently amended on April 29, 2014 which became effective on May 1, 2014, prescribe the process of registration, de-registration, renewal, alteration, transfer and invalidation of a trademark. According to the aforesaid legislations, the registration of a trademark shall be valid for ten years from the date of approval. If there is a continuous need for the use of trademark, a renewal process shall be initiated within 12 months before the expiry of the registration. If the renewal process is not initiated within the stipulated period, a grace period of six months may be given for the filing of the renewal process. Each renewal of the trademark registration shall be valid for ten years from the date of the expiry of the previous registration. A trademark registrant may license the right to use its trademarks to other parties by entering into a trademark license agreement, but the licensing is not effective against a bona fide third party unless and until a relevant party has filed the record of such license to the relevant authority.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, and most recently amended on November 11, 2020 which became effective on June 1, 2021, the works protected by copyright refer to original intellectual achievements in the fields of literature, art and science which can be expressed in

REGULATORY OVERVIEW

a certain form, including: (i) written works; (ii) oral works; (iii) musical, dramatic, opera, dance, acrobatic artistic works; (iv) fine arts, architectural works; (v) photographic works; (vi) audio-visual works; (vii) graphic works and model works, such as engineering design plans, product design plans, maps, and schematic diagrams; (viii) computer software; and (ix) any other intellectual achievements which share the same characteristics of the aforesaid works. Copyright is a collection of personal and property rights, which, among others, includes the right of publication, the right of authorship, the right of modification, the right of distribution, the right of reproduction, and the right of internet information transmission.

According 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 of the PRC on February 20, 2002 and became effective on the same date, and the Regulations on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001, and most recently amended on January 30, 2013 which became effective on March 1, 2013, the National Copyright Administration of the PRC shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Center of China is designated as the authority responsible for the whole registration process of computer software. The Copyright Protection Center of China issues registration certificates to applicants for computer software copyrights that comply with the aforesaid measures and regulations.

Design of Integrated Circuit Layouts

Pursuant to the Regulations on the Protection of Layout-Designs of Integrated Circuits (集成電路布圖設計保護條例), or the Regulations on the Protection, issued by the State Council on April 2, 2001, and effective from October 1, 2001, natural persons, legal persons or other organizations in China who create layout-designs shall have exclusive rights to their designs in accordance with the Regulations on the Protection. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, starting from the date of application for registration of the design or from the date of putting it into commercial exploitation somewhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Regulations on the Protection 15 years after the date of completion of the design.

REGULATORY OVERVIEW

Domain Name

According to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, prior to the establishment of domain name root servers, domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the PRC, the corresponding permits shall be obtained from the MIIT or its local counterparts.

Laws and Regulations Relating to PRC Tax

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) or the EIT Law promulgated by the National People’s Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) or the EIT Implementation Regulations promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income.

According to the Announcement of the State Administration of Taxation on Issues Relating to Implementation of Inclusive Income Tax Relief Policy for Small Low-profit Enterprises (《國家稅務總局關於實施小型微利企業普惠性所得稅減免政策有關問題的公告》) published on January 18, 2019, from January 1, 2019 to December 31, 2021, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%; and the annual taxable income that is not less than RMB1 million but not more than RMB3 million shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%. According to the Announcement of State Taxation Administration on Matters Relating to Implementation of Income Tax Incentives for Supporting Development of Small Low-profit Enterprises and Businesses Owned by Individuals (《國家稅務總局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告》) published on April 7, 2021, from January 1, 2021 to December 31, 2022, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 12.50%, with the applicable enterprise income tax rate of 20%; the arrangement in this announcement has superseded that in the previous announcement published on January 18, 2019. According to the Announcement on Preferential Income Tax Policies for Small Low-profit Enterprises and Businesses Owned by Individuals (《關於小微企業和個體工商戶所得稅優惠政策的公告》) published on March

REGULATORY OVERVIEW

26, 2023 and the Announcement on Relevant Tax Policies for Further Supporting the Development of Small Low-profit Enterprises and Businesses Owned by Individuals (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) published on August 2, 2023, the policy that the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20% will continue to apply from January 1, 2023 to December 31, 2027.

According to the Administrative Measures for Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) jointly promulgated by Ministry of Science and Technology, Ministry of Finance and the SAT on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, enterprises which recognized as high-tech enterprises are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. After the certificate expires, the enterprise can re-apply for such recognition as a high-tech enterprise.

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and most recently amended on November 19, 2017 effective from the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax (VAT). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%. According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]第36號)) promulgated by the Ministry of Finance and the SAT promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT. According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (Cai Shui [2017] No. 37) (《關於簡併增值稅稅率有關政策的通知》(財稅[2017]37號)), announced by the Ministry of Finance and the SAT on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax rates will be simplified from July 1, 2017, and the 13% VAT rate will be canceled. The scope of goods with 11% tax rate and the provisions for deducting input tax are specified. According to the Circular on Adjusting Value-added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)) announced by the Ministry of Finance and the SAT on April 4, 2018 and

REGULATORY OVERVIEW

effective on May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39) (《關於深化增值稅改革有關政策的公告》(財政部、稅務總局、海關總署公告2019年第39號)) announced by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%; the originally applicable VAT rate of 10% shall be adjusted to 9%.

On December 25, 2024, the NPCSC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), or the VAT Law, which will come into effect and repeal the Interim Regulations of the PRC on Value-added Tax on January 1, 2026. Under the VAT Law, the VAT rate, for selling goods, providing processing, repair and replacement services and tangible movables leasing services or importing goods will be 13%, for selling transport services, postal services, basic telecommunications, buildings, real property, or real property leasing services, transferring land use rights, or selling or importing certain goods specified in the VAT Law will be 9%, for selling services or intangible assets will be 6%, and for exporting goods will be 0%, and the levy rate of VAT to which the simple tax computation method applies is 3%.

Laws and Regulations Relating to Work Safety

The PRC Work Safety Law (《中華人民共和國安全生產法》) was promulgated by the SCNPC on June 29, 2002, most recently amended on June 10, 2021 and became effective on September 1, 2021. The Work Safety Law applies to all entities engaging in production and business activities in the PRC. Such entities shall, according to the PRC Work Safety Law, strengthen work safety management, establish and improve the all-staff work safety responsibility system and internal rules and regulations in relation to work safety, increase investment in funds, materials, technologies and staff for work safety, improve working conditions, strengthen the development of a standardized and information technology enabled work safety system, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism so as to ensure work safety. In addition, production and business operation entities must arrange safety production training and provide employees with personal protective equipment that meets national or industry standards. Violations of the PRC Work Safety Law may result in administrative penalties such as fine, suspension of operation and revocation of license.

REGULATORY OVERVIEW

Laws and Regulations Relating to Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on December 26, 1989, most recently amended on April 24, 2014 and came into effect on January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment of the PRC, or the MEE, is authorized to issue national standards for environmental quality and discharge of pollutants, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards for discharge of pollutants which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998 and most recently amended on July 16, 2017, depending on the impact of the construction project on the environment, a construction proprietor shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction proprietor shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction proprietor shall not commence the construction.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002 and most recently amended on December 29, 2018, for any construction projects that have an impact on the environment, the construction proprietor is required to prepare an environmental impact report or an environmental impact statement, or file a registration form depending on the seriousness of effect that may be exerted on the environment.

Pursuant to the Administrative Measures for Pollutant Discharge Permit (《排污許可管理辦法》) promulgated on April 1, 2024 by the MEE and became effective on July 1, 2024, enterprises and public institutions as well as other entities engaging in production and business operations included in a certain designated catalog for pollutant discharge management shall apply for and obtain a pollutant discharge permit or complete the registration as a stationary pollution source within a prescribed time limit.

According to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), which was last amended on June 27, 2017 by the SCNPC and came into effective on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Furthermore, environmental impact assessment must be

REGULATORY OVERVIEW

carried out in accordance with the law for newly-formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

Enterprises engaged in industrial, construction, catering, medical treatment, and other activities that discharge sewage into urban drainage facilities shall apply to the relevant competent urban drainage department for collecting the permit for discharging sewage into drainage pipelines under relevant laws and regulations, including the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), promulgated on October 2, 2013 and effective from January 1, 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管道許可管理辦法》), promulgated on January 22, 2015 and last amended on December 1, 2022, and effective from February 1, 2023. Drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

According to the Catalog for Categorized Administration of Pollutant Discharge Permit for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the MEE on December 20, 2019, key management, simplified management and registration management are applied to different kind of pollutant discharging entities according to factors including the amount of pollutants generated, the amount of pollutants discharged, the degree of impact on the environment, etc., and only pollutant discharge entities that are under registration management do not need to apply for a pollutant discharge permit.

In accordance with the Regulations on the Safety Facilities of Construction Projects “Three Simultaneities” Supervision and Management (《建設項目安全設施“三同時”監督管理辦法》), issued by the former State Administration of Work Safety on April 2, 2015, and implemented on May 1, 2015, safety facilities of new construction, reconstruction and expansion projects must be designed, constructed and put into operation and use simultaneously with the main project. Enterprises are required to conduct safety pre-evaluations for construction projects, entrust preliminarily designed entities with the corresponding qualifications to design the safety facilities simultaneously, prepare safety facility designs, submit them to relevant production safety supervision and management departments for review applications and apply for the acceptance inspection of safety facilities upon completion.

Laws and Regulations Relating to Fire Prevention

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the “Fire Prevention Law”) was issued by the SCNPC on April 29, 1998, became effective on September 1, 1998 and was last amended and implemented on April 29, 2021. According to the Fire Prevention Law, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the

REGULATORY OVERVIEW

time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. Pursuant to the Fire Prevention Law, the construction project that fails to complete as-built acceptance check on fire prevention shall be ordered by the competent government authorities to close and shall be fined not less than RMB30,000 but not more than RMB300,000.

According to Interim Regulations on Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Laws and Regulations Relating to Foreign Exchange

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

Pursuant to the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a “special account for overseas listing of domestic company” at a local bank to handle the exchange, remittance and transfer of funds for the business concerned. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

Meantime, where a domestic shareholder of a domestic company intends to decrease his/her overseas listed shares in accordance with relevant regulations following the overseas listing of the domestic company, such domestic shareholder shall register with the State Administration of Foreign Exchange (the “SAFE”) branch in the place of domicile of the

REGULATORY OVERVIEW

shareholder within 20 working days after the decrease of shares to obtain the business registration certificate; where a domestic shareholder of the domestic company intends to increase his/her overseas listed shares in accordance with relevant regulations, the shareholder shall, after obtaining the approval, filing, or no-objection letter from the relevant regulatory authorities regarding the increase in shareholdings (except where such documents are not required under applicable regulations), register with the SAFE branch in the place of domicile of the shareholder within 20 working days before the increase of shares to obtain the business registration certificate.

Laws and Regulations Relating to Overseas Securities Offering

The PRC Securities Law (《中華人民共和國證券法》), which was last revised by the SCNPC on December 28, 2019 and took effect on March 1, 2020, has comprehensively regulated the activities of the securities market in China, including the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies, and the responsibilities of securities regulatory agencies. The Securities Law further stipulates that enterprises in China that directly or indirectly issue securities overseas or list securities overseas shall comply with the relevant provisions of the State Council. The specific measures for subscribing and trading shares of companies in China in foreign currency shall be separately prescribed by the State Council. The CSRC is a securities regulatory agency established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the legal operation of the market. At present, the issuance and trading of H shares are mainly regulated by regulations and rules promulgated by the State Council and the CSRC.

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》) were promulgated by the CSRC on February 17, 2023, and implemented on March 31, 2023. According to these trial measures, issuers seeking an overseas initial public offering or listing must file with the CSRC within three working days following the submission of their application documents for issuance and listing abroad. Issuers are also prohibited from overseas offering and listing if they fall under one 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 applicable laws; (iii) where the domestic company intending to make the securities offering and listing, or its 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.

REGULATORY OVERVIEW

Where a domestic company seeks to directly offer and list securities in non-domestic markets, the issuer shall file with the CSRC, submit a filing report, legal opinion, and other relevant materials and undertake that the submitted materials are all truthful, accurate and complete.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection of the PRC, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archive Management of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) which came into force on March 31, 2023. These provisions require that, in relation to the direct and indirect overseas securities offering and listing activities of domestic companies, such domestic company, as well as securities companies and securities service institutions providing securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to fulfill their confidentiality and archives management duties. According to these provisions, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and/or overseas regulators any materials that may contain state secrets or have an adverse impact on the national security or public interests of the PRC, the domestic company should complete the relevant approval/filing and other regulatory procedures as required.

OVERVIEW OF THE LAWS AND REGULATIONS IN SINGAPORE

Sale of Goods Act 1979

The domestic sale of goods in Singapore is governed by the Sale of Goods Act 1979 (Cap. 393, 2020 Rev Ed) (“**SOGA**”). The SOGA provides for, amongst other things, the laws that apply in relation to the formation of the sales contract of goods, the effect of the sales contract, the respective rights and duties of buyers and sellers during the performance of the contracts as well as the rights of buyers and sellers against one another when the sales contract is breached.

Sections 12 to 15 of SOGA contain terms that are implied in a contract for the sale of goods. Some are implied conditions while others are implied warranties. Section 13 provides that where there is a sale of goods by description, there is an implied condition that the goods correspond with the description. Even where the goods are exposed for sale and are selected by the buyer, it is still possible for this implied condition to apply.

Where a seller sells goods in the course of a business, section 14(2) provides that there is an implied condition that the goods are of satisfactory quality. In relation to the foregoing, it is stipulated in SOGA that goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking into account any description of the goods, the price (if relevant) and all other relevant circumstances.

REGULATORY OVERVIEW

SOGA confers on the buyer a right to claim for damages under Section 53 in the event the seller has breached a warranty of the sale contract, or where the buyer elects or is compelled to treat a breach of condition as a breach of warranty, the buyer can bring an action against the seller for damages for breach of warranty. The measure of damages is the estimated loss directly and naturally resulting, in the ordinary course of events, from the breach of warranty.

United Nations Convention on Contracts for the International Sale of Goods (“CISG”)

The international sale of goods in Singapore is governed by the United Nations Convention on Contracts for the International Sale of Goods (“CISG”), which is given the force of law in Singapore via the Sale of Goods (United Nations Convention) Act (Cap 283A, 2020 Rev Ed).

Articles 30 to 44 of the CISG set out the obligations of the seller under the sales contract governed by the CISG. Article 30 provides that the seller is obliged to deliver goods, hand over related documents and transfer the title in the goods as required by the sales contract. Article 31 states that if the sales contract does not state where the goods are to be delivered, they will be delivered by being handed over to the first carrier if the contracts involve the carriage of goods; if not, by being made available at the place of manufacturing if that place is known by the parties; and if not, then at the place of business of the seller. Under Article 35, the seller must deliver goods which are of the quantity, quality and description required by the contract and which are contained or packaged in the manner required by the contract. Under Article 36, the liability of the seller is for any lack of conformity at the time of the passing of the risks.

Pursuant to Articles 41 and 42, the seller must also guarantee that the goods are free from any rights or claims by third parties. Under Articles 39 and 43, the buyer must give notice within a reasonable time to exercise a recourse under these warranties and with respect to the warranty of conformity, must do so at the latest within two years.

If the seller breaches any of the above obligations, the CISG allows the buyer to exercise any rights provided for in Articles 46 to 52, as well as claim damages as provided in Articles 74 to 77. Under Article 45(2), the buyer is also not deprived of any right he may have to claim damages by exercising his right to other remedies.

Customs Act 1960 and Regulation of Imports and Exports Act 1995

The regulation of cross-border trade in Singapore is governed primarily by the Customs Act 1960 (“CA”) and the Regulation of Imports and Exports Act 1995 (“RIEA”). These statutes establish the legal framework for customs procedures, import/export controls, and enforcement measures to ensure compliance with trade regulations.

The CA regulates the imposition and collection of customs duties as well as the procedures for the import and export of goods in Singapore. Under Section 10 of the Customs Act, customs duty is levied on dutiable goods imported into Singapore. While many goods,

REGULATORY OVERVIEW

including most electronics, are non-dutiable, such goods must still be declared appropriately. Section 37 requires all imports and exports to be declared to the Director-General of Customs. Failure to do so, or furnishing false information in permit applications, may constitute an offense under Section 128. Further, Section 128B prescribes penalties for non-compliance, including fines and imprisonment, while Section 128C extends liability to officers of corporate bodies in default if an offense is committed with the officers’ consent, connivance or due to their neglect.

The Regulation of Imports and Exports Act 1995 provides the statutory framework governing the movement of goods through Singapore, including their import, export, transshipment, and transit. Pursuant to Section 3(1), the Minister is empowered to make regulations for the registration, regulation, and control of all or specified classes of goods crossing Singapore’s borders. Section 3(2) authorizes the Minister to designate controlled goods and appoint licensing authorities for managing permits and licences. Under the subsidiary Regulation of Imports and Exports Regulations, Regulation 3 stipulates that goods may only be imported, exported, or transshipped with a valid permit — usually issued via TradeNet — unless explicitly exempted. This requirement ensures legal compliance and traceability in cross-border trade.

To facilitate oversight and enforcement, Section 12 empowers senior authorized officers to seize goods when there are reasonable grounds to suspect an offense under the Act or its regulations, and to detain such goods pending court orders or disposal confirmed by proper procedures. Sections 13 and 14 outline the procedures for forfeiture, including the court’s power to order forfeiture of seized goods, and clarify that such powers extend to packaging and articles used to conceal goods.

For administrative and compliance matters, Section 28 allows individuals affected by a decision of the Director-General (such as revocation of a permit) to lodge an appeal. Meanwhile, Section 28A introduces a composition scheme, enabling the Director-General to settle certain offences through the payment of specified sums in lieu of prosecution. Finally, Section 29 creates an offense for unauthorised computer-related tampering with data or systems intended to evade controls established under the Act, with penalties including fines of up to SGD10,000 and imprisonment for up to 2 years.

The Customs Act 1960 and the Regulation of Imports and Exports Act 1995 form the backbone of Singapore’s trade compliance regime. Businesses engaged in cross-border trade must adhere to licensing requirements, accurate declarations, and customs procedures to avoid severe penalties.

REGULATORY OVERVIEW

LAWS AND REGULATIONS IN RELATION TO TAXATION

The summary below of certain taxes in Singapore is of a general nature and based on current tax laws in Singapore and regulations and decisions now in effect, all of which are subject to change (possibly with retroactive effect). These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below. This summary is not intended to constitute a complete analysis of the taxes mentioned. It is not intended to be and does not constitute legal or tax advice.

Corporate Income Tax

A company is regarded as a tax resident in Singapore when the control and management of our company is exercised in Singapore. Corporate taxpayers (both Singapore tax residents and non-residents) are subject to Singapore income tax on income accruing in or derived from Singapore and income received in Singapore from outside Singapore, unless specifically exempt from income tax.

Pursuant to the Income Tax Act 1947, exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income received or deemed to be received in Singapore provided that the following qualifying conditions are met:

- (a) The foreign income has been subject to tax in the foreign jurisdiction from which it is received (known as the 'subject to tax' condition). The rate at which the foreign income was taxed can be different from the headline tax rate;
- (b) The highest Corporate Income Tax rate (i.e. foreign headline tax rate condition) of the foreign jurisdiction from which the income is received is at least 15% at the time the foreign income is received in Singapore; and
- (c) The Comptroller of Income Tax is satisfied that the tax exemption is beneficial to the Singapore tax resident company. Tax is satisfied that the tax exemption would be beneficial to the corporate taxpayer.

The prevailing corporate tax rate in Singapore is 17%. The first S\$200,000 of a company's normal chargeable income from YA2020 is partially exempted from tax as follows:

- (a) 75.0% of the first S\$10,000 of normal chargeable income; and
- (b) 50.0% of the next S\$190,000 of normal chargeable income.

The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate.

REGULATORY OVERVIEW

Dividend Distribution

Singapore has adopted a one-tier corporate tax system pursuant to which the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders. There is no withholding tax on the dividend payments to both resident and non-resident shareholders.

Goods and Services Tax (GST)

Goods and Services Tax (GST) is a broad-based consumption tax levied on the import of goods and on most supplies of goods and services in Singapore. It is governed primarily by the Goods and Services Tax Act 1993 (“GST Act”).

GST is charged at each stage of the supply chain and is ultimately borne by the end consumer. GST is chargeable on the import of goods and standard-rated supplies. Businesses must register for GST their annual taxable turnover exceeds S\$1 million, either incurred or reasonably expected within the next 12 months, or may apply for voluntary registration subject to Inland Revenue Authority of Singapore (IRAS) approval. Effective from January 1, 2024, supplies to local consumers are generally standard-rated at the prevailing rate of 9% (except for certain supplies such as financial services and residential property sales which are under full exemption of GST) whereas for supplies of goods exported out of Singapore or international services are zero-rated under Section 21.

The obligations of a GST-registered business are basically governed under specific sections of the GST Act. Under Part 7 of the GST Act, GST-registered businesses must issue tax invoices for their taxable supplies, keep accurate accounts and invoices for a minimum of five years, and file regular GST returns (normally quarterly), detailing GST collected and input tax claims.

Non-compliance with GST obligations, such as late filing, under reporting of GST, or failure to register when required, may attract penalties under the GST Act, including fines, interest, and prosecution for serious offences.

INTERNATIONAL SANCTIONS LAWS AND REGULATIONS

Our International Sanctions Legal Advisers have provided the following summary of the sanctions and export controls regimes imposed by the jurisdictions below. This summary does not intend to set out the laws and regulations relating to Relevant Jurisdictions in their entirety.

United States

The United States deploys a wide range of restrictive measures including sanctions and export controls against various targeted countries, groups and individuals. U.S. sanctions include both “primary” and “secondary” sanctions, as well as non-blocking “list-based” sanctions. OFAC administers and enforces the majority of U.S. sanctions programs.

REGULATORY OVERVIEW

U.S. primary sanctions generally apply to U.S. persons, including any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

Primary sanctions may be “country based” or “list based”. Comprehensive country-based sanctions programs generally prohibit U.S. persons from dealing with sanctioned countries and their governments. Currently, the U.S. maintains comprehensive sanctions against: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the self-proclaimed Luhansk People’s Republic, the self-proclaimed Donetsk People’s Republic and the Zaporizhzhia and Kherson territories of Ukraine occupied by Russia. There are also sectoral sanctions restricting U.S. persons from engaging in certain types of transactions — typically financing and investments — with certain economic sectors of Belarus, China, Russia, and Venezuela. On the other hand, list-based sanctions prohibit U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations that have been designated as SDNs by OFAC. Violations of primary sanctions can result in “strict” civil or even criminal liability.

The U.S. has also enacted secondary sanctions targeting non-U.S. persons engaged in prohibited transactions (e.g., significant transactions with parties blocked under U.S. sanctions). The detailed rules of such secondary sanctions differ by sanctions programs. Non-U.S. persons found to be in breach of secondary sanctions may be denied access to the U.S. economic system, including being designated as SDNs themselves.

Unlike U.S. economic sanctions that apply based on the persons involved, U.S. export controls apply based on the products involved. Any item that is sent from the U.S. to a foreign destination is an export. “Items” include commodities, software or technology, circuit boards, blueprints, design plans, retail software packages, and technical information.

BIS regulates exports of commercial and dual-use products, and software and technology. These controls are authorized by the Export Administration Act of 1979, as amended and extended, and implemented by the EAR.

The EAR applies to exports of commodities, software and technical data from the U.S. to foreign countries, and to re-exports from one foreign country to another. In addition, the EAR applies to shipments from one foreign country to another of foreign-made products that incorporate more than a de minimis amount of U.S.-controlled parts, components, or materials, as well as foreign-made products that are direct products of certain controlled U.S. software or technology.

European Union

The EU has over 40 different sanctions regimes in place. EU sanctions apply to individuals and entities nationalized or incorporated within the EU; located on board an aircraft or vessel subject to EU jurisdiction; while in the territory or airspace of the EU, and with respect to business done in the EU.

REGULATORY OVERVIEW

Regulation (EU) No 2021/821 controls the export of EU dual-use goods. In particular, Regulation 2021/821 controls the export of controlled dual-use products and technology from the EU to a non-EU country; the provision of technical assistance relating to controlled items; and the brokering of transactions involving the transfer of controlled goods, restricted products and certain non-controlled products.

Unlike U.S. export controls, EU export controls typically do not apply to re-exports or transfers outside of the EU.

United Nations

UN Security Council sanctions have taken a number of different forms and measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of seven Directors, including three executive Directors, one non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into a service agreement with each of our executive Directors and a letter of appointment with each of our non-executive Director and independent non-executive Directors.

The table below sets out the key information of our Directors and senior management:

Our Directors

Name	Age	Existing position(s) in our Group	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
<i>Executive Directors</i>						
Mr. Sun Yingtong (孫迎彤) . . .	[53]	Chairman, executive Director and general manager	January 10, 2003	May 24, 2005	Responsible for the overall strategic planning, business development and operational management of our Group	N.A.
Mr. Kan Yulun (闕玉倫) . . .	[55]	Executive director and deputy general manager	May 10, 2021	May 17, 2021	Responsible for the overall business development of our Group	N.A.
Ms. Ye Yantao (葉艷桃) . . .	[37]	Executive director, deputy general manager, secretary of our Board and joint company secretary	October 8, 2010	May 14, 2020 ⁽¹⁾	Responsible for board affairs, corporate governance, capital management, investors relations and securities matters of our Group	N.A.

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Existing position(s) in our Group	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
<i>Non-executive Director</i>						
Mr. Zhou Bin (周斌)	[62]	Non-executive Director	May 16, 2024	May 16, 2024	Responsible for providing guidance for the strategy and business development of our Group	N.A.
<i>Independent non-executive Directors</i>						
Mr. Chen Weiwu (陳衛武) . . .	[44]	Independent non-executive Director	May 17, 2021	May 17, 2021	Responsible for providing independent opinion and judgment to our Group	N.A.
Ms. Hao Dan (郝丹)	[44]	Independent non-executive Director	May 17, 2021	May 17, 2021	Responsible for providing independent opinion and judgment to our Group	N.A.
Ms. Ji Xingdan (吉杏丹) . . .	[38]	Independent non-executive Director	May 16, 2024	May 16, 2024	Responsible for providing independent opinion and judgment to our Group	N.A.

Note:

- (1) Ms. Ye Yantao served as a Director of our Company from May 2020 to May 2021 and she was reappointed as a Director in May 2023.

DIRECTORS AND SENIOR MANAGEMENT

Our senior management

Name	Age	Existing position(s) in our Group	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Chen Duxi (陳都習) . . .	[40]	Deputy general manager	July 19, 2012	May 16, 2024	Responsible for the management of the products and overseeing market of our Group	N.A.
Mr. Xu Hui (徐輝)	[41]	Deputy general manager and chief financial officer	May 11, 2018	May 11, 2018	Responsible for the overall financial operations and capital management of our Group	N.A.
Mr. Wang Yuke (王玉科) . . .	[52]	Deputy general manager	March 1, 2023	April 13, 2023	Responsible for the product engineering and quality control of the Group	N.A.
Mr. Zhong Xinli (鍾新利) . . .	[41]	Deputy general manager	July 9, 2018	May 16, 2024	Responsible for the management of the products and overseeing market of our Group	N.A.
Mr. Zhang Cuncai (張存才) . . .	[43]	Deputy general manager	June 1, 2010	May 16, 2024	Responsible for overseeing R&D and project management of our Group	N.A.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Sun Yingtong (孫迎彤), aged [53], is our Chairman, executive Director and general manager. He was appointed as our Director in May 2005 became our Chairman since June 2018 and was designated as our executive Director on June 16, 2025. Mr. Sun is responsible for the overall strategic planning, business development and operational management of our Group.

Mr. Sun worked for the State Development and Investment Corporation (國家開發投資集團有限公司) from July 1995 to December 2002 where he was in charge of industrial project investment and was recognized as an engineer in December 2001. Mr. Sun joined our Company as deputy general manager in January 2003 and became our general manager since 2005. He has over [22] years of experience in the integrated circuit industry.

From 2011 to 2014, Mr. Sun served as the chairman of the Shenzhen Semiconductor Industry Association (深圳市半導體行業協會) and he was awarded the “Outstanding Contribution Award” in October 2022. From June 2017 to May 2018, Mr. Sun served as the chairman of The Shenzhen Commercial Cipher Industry Association (深圳市商用密碼行業協會). Mr. Sun obtained a bachelor’s degree in computer science from North China University of Technology (北方工業大學) in July 1995 and a master’s degree in business administration from the Beijing Institute of Technology (北京理工大學) in June 2001.

Mr. Kan Yulun (闕玉倫), aged [55], is our executive Director and deputy general manager. He was appointed as our Director in May 2021 and was designated as our executive Director on June 16, 2025. Mr. Kan is responsible for the overall business development of our Group.

Mr. Kan is a senior engineer since June 2001. Mr. Kan has over [30] years of experience in information and communications technology industry. From March 1995 to June 2019, he worked for ZTE Corporation (中興通訊股份有限公司), a communications and information technology solutions provider, whose shares are listed on the Stock Exchange (stock code: 763) and the Shenzhen Stock Exchange (stock code: 000063). From June 2019 to April 2021, he served as an executive vice president of Gosuncn Technology Group Co., Ltd. (高新興科技集團股份有限公司), which engages in the provision of software and information technology services.

Mr. Kan obtained a bachelor’s degree in optoelectronics and a master in engineering from Southeast University (東南大學) in July 1991 and May 1995, respectively.

Ms. Ye Yantao (葉艷桃), aged [37], is our executive Director, deputy general manager, secretary of our Board and joint company secretary. Ms. Ye served as our Director from May 2020 to May 2021 and was appointed as a Director in May 2023. Ms. Ye was designated as our executive Director on June 16, 2025. Ms. Ye is responsible for board affairs, corporate governance, capital management, investors relations and securities matters of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Ye has extensive experience in investor relations and corporate secretarial matters. She joined us in October 2010 as an accountant and served as our securities affairs specialist and securities affairs representative from October 2018 to June 2020, where she was responsible for disclosure of information, Board and investor relations affairs of our Group. She became our deputy general manager and board secretary since June 2020, where she is mainly responsible for board affairs, corporate governance, capital management, investors relations and securities matters.

Ms. Ye obtained a bachelor’s degree in accounting from Shenzhen University (深圳大學) in June 2010. She has passed the professional stage examination of the National Uniform CPA Examination of the PRC (註冊會計師全國統一考試專業階段考試) and has also obtained a certificate of board secretary qualifications from the Shenzhen Stock Exchange in December 2018.

Non-executive Director

Mr. Zhou Bin (周斌), aged [62], is our non-executive Director. He was appointed as our Director in May 2024 and was designated as our executive Director on June 16, 2025. Mr. Zhou is responsible for providing guidance for the strategy and business development of our Group.

Mr. Zhou is a senior engineer since November 1996. He has extensive experience in integrated circuit design and production. He is currently the chairman and general manager of SouthIC Technologies Co., Ltd. (深圳市南方集成技術有限公司), a company engages in the development and sales of integrated circuit, since March 2005. He also served as an independent director of Shenzhen Biyi Microelectronics Co., Ltd. (深圳市必易微電子股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688045) since July 2023, and a director of Shenzhen Zhongke Bluetrum Technology Co., Ltd. (深圳市中科藍訊科技股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688332), from October 2022 to October 2025.

Mr. Zhou obtained a bachelor’s degree in engineering and a master’s degree in engineering from Southeast University (東南大學) (formerly known as Nanjing Institute of Technology (南京工學院)) in July 1983 and May 1989, respectively. He was awarded the “National Defense Science and Technology Award” by the State Administration of Science, Technology and Industry for National Defense (中華人民共和國國防科學技術工業委員會) in October 2003 and the “Outstanding Contribution Award” by China Semiconductor Industry Association Integrated Circuit Design Branch (中國半導體行業協會集成電路設計分會) in December 2004.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Chen Weiwu (陳衛武), aged [44], is our independent non-executive Director and is responsible for providing independent opinion and judgment to our Group. He was appointed as our Director in May 2021 and was designated as our independent non-executive Director on June 16, 2025.

Mr. Chen has extensive experience in the accounting and capital management. He is currently a partner of Shenzhen Zhongmei Chuangxing Capital Management Co., Ltd. (深圳市中美創興資本管理有限公司). From September 2004 to January 2020, he has served as an auditor in various accounting firms including Da Hua Certified Public Accountants LLP (大華會計師事務所), Lixin Certified Public Accountants LLP (立信會計師事務所), Pan-China Certified Public Accountants LLP. (天健會計師事務所) and the consultant of Shenzhen Changjiang Certified Public Accountants (General Partnership) (深圳長江會計師事務所(普通合夥)).

Mr. Chen obtained a bachelor’s degree in public utilities management from Guangdong Ocean University (廣東海洋大學) in June 2004.

Ms. Hao Dan (郝丹), aged [44], is our independent non-executive Director and is responsible for providing independent opinion and judgment to our Group. She was appointed as our Director in May 2021 and was designated as our independent non-executive Director on June 16, 2025.

Ms. Hao has extensive experience in the legal services and investment risk management. Ms. Hao worked for the Beijing Municipal Bureau of Justice (北京市司法局) from August 2004 to December 2012. From January 2013 to October 2016, she served as the director of the Legal Affairs Office of Wangfujing Group Co., Ltd.(王府井集團股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600859). From December 2016 to September 2017, she served as the deputy general manager of Beijing Wangfujing Real Estate Co., Ltd.(北京王府井置業有限公司). From October 2017 to November 2019, she served as the risk management director of Shenzhen Jiangu Equity Investment Fund Management Co., Ltd.(深圳兼固股權投資基金管理有限公司). She is currently the general manager and head of risk control and compliance of Guangdong Yuanzhi Xianxing Equity Investment Fund Management Co., Ltd. (廣東遠智先行股權投資基金管理有限公司) since November 2019. She has been an independent director of various listed companies whose shares are listed on the Shenzhen Stock Exchange, including Shenzhen Huijie Group Co., Ltd. (深圳匯潔集團股份有限公司) (stock code: 002763) since May 2023, and Shenzhen Zhilai Technology Co., Ltd. (深圳市智萊科技股份有限公司) (stock code: 300771) since September 2022. She was an independent director of Sangfor Technologies Co., Ltd. (深信服科技股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300454) from February 2018 to May 2023 and has been designated as a supervisor since May 2023.

Ms. Hao has obtained bachelor’s degree and a master’s degree in civil and commercial law from Renmin University of China (中國人民大學) in July 2002 and July 2004, respectively. Ms. Hao has obtained the China Securities Investment Fund Industry Practitioner Certificate issued by the Asset Management Association of China (中國證券投資基金業協會) in August 2021.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Ji Xingdan (吉杏丹), aged [38], is our independent non-executive Director and is responsible for providing independent opinion and judgment to our Group. She was appointed as our Director in May 2024 and was designated as our independent non-executive Director on June 16, 2025.

Ms. Ji is a senior accountant since June 2023. She was a finance director and the board secretary of Jinlongyu Group Co., Ltd. (金龍羽集團股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 002882), from December 2017 to December 2022 and January 2021 to April 2025, respectively. Apart from the above working experience, Ms. Ji is currently an independent director of Shenzhen Vergiga Semiconductor Co., Ltd. (深圳市威兆半導體股份有限公司) and Shenzhen Jufei Optoelectronics Co., Ltd. (深圳市聚飛光電股份有限公司) a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300303).

Ms. Ji obtained a bachelor’s degree in English and a bachelor’s degree in accounting from Chongqing University (重慶大學) in June 2010, a master’s degree in business administration from Shanghai Jiao Tong University (上海交通大學) in March 2022.

SENIOR MANAGEMENT

Our executive Directors and other members of our senior management are responsible for the day-to-day operations and management of the business of our Group.

Mr. Chen Duxi (陳都習), aged [40], joined us in July 2012 and has been our deputy manager since May 2024. Mr. Chen is responsible for the management of the products of our Group. Mr. Chen has served as a products manager, products director, senior products director of our Group since July 2012.

Mr. Chen obtained a bachelor’s degree in applied electronics technology education from Henan Institute of Science and Technology (河南科技學院) in July 2009 and a master degree in computer software and theory from Southwest Jiaotong University (西南交通大學) in July 2012.

Mr. Xu Hui (徐輝), aged [41], is our deputy manager and chief financial officer and is responsible for the overall financial operation and capital management of the Group. Mr. Xu is an accountant since December 2009. From January 2008 to August 2012, Mr. Xu served in Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)). From October 2013 to July 2017, he was an investment banking division business director of China Great Wall Securities Co., Ltd. (長城證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002939). From July 2017 to May 2018, he was a risk management director of First Capital Investment Management Co., Ltd. (第一創業投資管理有限公司).

Mr. Xu obtained a bachelor’s degree of management from Jiangxi University of Finance and Economics (江西財經大學) in June 2005 and has also obtained a certificate of board secretary qualifications from the Shenzhen Stock Exchange in December 2018.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Yuke (王玉科), aged [52], is our deputy manager since April 2023 and is responsible for product engineering and quality control of our Group. Prior to joining us, Mr. Wang has served as the manager of the reliability, assurance and failure analysis department of Shanghai Hongli Semiconductor Manufacturing Co., Ltd. (上海宏力半導體製造有限公司) (now renamed Shanghai Huahong Hongli Semiconductor Manufacturing Co., Ltd.(上海華虹宏力半導體製造有限公司)) from March 2001 to August 2006, a vice director of Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 981) and Shanghai Stock Exchange (stock code: 688981), from August 2006 to April 2012 and, a director of Texas Instruments Semiconductor Technologies (Shanghai) Corporation (德州儀器半導體技術(上海)有限公司) from May 2012 to February 2023.

Mr. Wang obtained a bachelor degree in chemistry from Anhui University (安徽大學) in June 1996 and a master degree in analytical chemistry from Tongji University (同濟大學) in March 2001.

Mr. Zhong Xinyi (鍾新利), aged [41], is our deputy manager since May 2024. Prior to joining us, he served as a products manager for Shenzhen Youchuang Technology Co., Ltd. (優創科技(深圳)有限公司), where he was responsible for sales and marketing. He joined our Group in July 2018 and served as the senior products manager, products director, assistant to the general manager and deputy general manager, where he is currently responsible for the management of the products and overseeing the market of our Group.

Mr. Zhong obtained a bachelor degree in automation from Hunan University of Technology (湖南工業大學) in June 2007.

Mr. Zhang Cuncai (張存才), aged [43], is our deputy manager since May 2024. Prior to joining us, Mr. Zhang served as an engineer of Shanghai Peking University Institute of Microeconomics (上海北京大學微電子研究院) and was mainly responsible for integrated circuit design. He joined our Group in June 2010 and has served as a manager, a department director and a assistant to the general manager, where he is responsible for R&D and technology management.

Mr. Zhang obtained a bachelor’s degree in electronic science and technology and a master’s degree in electronic science and technology from Xi’an Jiaotong University (西安交通大學) in July 2006 and July 2009, respectively.

FURTHER INFORMATION ABOUT MR. SUN YINGTONG AND MR. XU HUI

On August 28, 2019, the Shenzhen Stock Exchange issued a disciplinary decision letter and imposed public censure against our Company, Mr. Sun Yingtong and Mr. Xu Hui for (i) significant discrepancies of the profits for the financial year ended December 31, 2018 among the preliminary earnings estimate, the earnings preview report and the annual report and the failure to promptly amend the disclosure; and (ii) restatement of major accounting errors (the “Public Censure”).

DIRECTORS AND SENIOR MANAGEMENT

The Public Censure was primarily resulted from the then auditor’s inconsistent opinions regarding (i) the accounting treatment on certain accounting items (including impairment losses on assets and goodwill impairment losses) due to the change in the auditor’s opinion on the impairment provisions for accounts receivable and the depreciation of the value of the battery cells pledged from a major customer of Shenzhen Sinuo Industrial Development Co., Ltd. (深圳斯諾實業發展有限公司) (“**Shenzhen Sinuo**”) as a result of the financial difficulties of such customer in 2018; and (ii) the accounting treatment for an investment property resulting in a reduction of fair value gains. When processing the aforementioned accounting items, our Company had consulted with the then auditor, which concurred with the then accounting treatment. In 2019, the Company replaced its then auditor, Dahua Certified Public Accountants, due to dissatisfaction with inconsistent audit opinions on the 2018 financial statements. Zhongxingcai Guanghua Certified Public Accountants was appointed that same year and has served as our auditor for the financial years 2019 to 2024.

On April 28, 2020, the Shenzhen Stock Exchange issued a disciplinary decision letter and imposed public criticism against our Company, Mr. Sun Yingtong and Mr. Xu Hui for violations of information disclosure rules and corporate governance standards (the “**Public Criticism**”).

The Public Criticism was primarily resulted from goodwill impairment matters for the financial year of 2018, requiring adjustments to the accounting basis of the data used for goodwill impairment testing. This issue was first identified by the Shenzhen Securities Regulatory Bureau (深圳證監局) (the “**SSRB**”) in its rectification order dated November 28, 2019. Initially, the Company relied on the valuer’s accounting basis of the data used for goodwill impairment testing for Shenzhen Sinuo, and the then auditor adopted the same approach, forming consistent opinions.

Subsequent to the issuance of the rectification order by the SSRB, the valuer adjusted the accounting basis of the data used for goodwill impairment testing and provided an explanatory report. Consequently, both the Company and the auditor adopted the adjusted approach and reflected the same in their updated opinions.

On September 4, 2021, the SSRB issued a warning letter against Mr. Sun Yingtong and two other individuals who served as a Director and the financial controller of our Company before May 2018 (the “**Warning Letter**”, together with the Public Censure and the Public Criticism, the “**Incidents**”). During an on-site inspection conducted by the SSRB, Nsing Shenzhen was found to have breached section 2(1) of the CSRC’s Information Disclosure Measures for Listed Companies (“《上市公司信息披露管理辦法》”) (repealed on May 1, 2021) which had impacted the accuracy of the information disclosed in the periodic reports of our Company. Accordingly, SSRB imposed a regulatory measure ordering our Company to undertake corrective actions.

DIRECTORS AND SENIOR MANAGEMENT

The Warning Letter was primarily resulted from our Company’s practice of separating payment and collection processes, which led to the failure of identifying the connection between accounts receivable collections and supply chain payments of a customer of our Company in a timely manner. Our Company had completed corrective actions and enhanced internal control measures to prevent reoccurrence of the incident subsequently. Key enhancements include mandatory compliance training for key personnel and key departments, a systemic review and revision of our internal control system and a complete overhaul of the goodwill impairment testing methodology for Shenzhen Sinuo featuring corrected accounting treatment, transparent parameter disclosure, and mandatory third-party verification.

As of the Latest Practicable Date and to the Company’s best knowledge, (i) the Company, Mr. Sun Yingtong and Mr. Xu Hui had not benefited from the accounting errors, discrepancies or adjustments in the Incidents and did not trade any of the Company’s A shares prior to the announcement of significant loss, (ii) such Incidents have been concluded, (iii) there has not been any further regulatory request, action or correspondence imposed on Mr. Sun Yingtong and Mr. Xu Hui by the Shenzhen Stock Exchange and CSRC, and (iv) other than disclosed above, neither Mr. Sun Yingtong nor Mr. Xu Hui had been imposed any administrative penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the aforementioned Incidents.

The Directors (other than Mr. Sun Yingtong) are of the view that Mr. Sun Yingtong’s suitability to act as a Director and Mr. Xu Hui’s suitability to act as a senior management are not affected by the Incidents, with regard to the following reasons:

- (i) as of the Latest Practicable Date, there are no facts and/or circumstances which suggest that Mr. Sun Yingtong is not qualified to act as a director of a listed company or Mr. Xu Hui is not qualified to act as a senior management of a listed company pursuant to applicable PRC laws and regulations. As advised by our PRC Legal Advisors, as of the Latest Practicable Date, in accordance with PRC Company Law and the applicable regulations of the Shenzhen Stock Exchange, Mr. Sun Yingtong will not be disqualified to serve as a Director of the Company due to the Incidents and Mr. Xu Hui will not be disqualified to serve as a senior management of the Company due to the Incidents;
- (ii) as advised by our PRC Legal Advisors, the disciplinary decision letters issued by the Shenzhen Stock Exchange against Mr. Sun Yingtong and Mr. Xu Hui and the Warning Letter did not constitute an administrative penalty under the PRC Securities Law;
- (iii) each of Mr. Sun Yingtong and Mr. Xu Hui has participated in relevant trainings, development and updated to his knowledge and skills to keep up with the latest regulatory developments, including trainings and reading materials on topics such as corporate governance, directors’ responsibilities, continuous obligations of listed companies under the Listing Rules and Shenzhen Stock Exchange ChiNext Listing Rules;

DIRECTORS AND SENIOR MANAGEMENT

- (iv) we have implemented and enhanced internal control measures to ensure full compliance with applicable laws and regulations in the future, including but not limited to enhancing internal audit and the information disclosure policies.

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed in this document, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors and senior management of our Company as of the Latest Practicable Date; (3) did not hold any other major appointment or directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director’s appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

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 June 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his 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 had no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

JOINT COMPANY SECRETARIES

Ms. Ye Yantao (葉艷桃) is our executive Director, deputy general manager and board secretary. She was appointed as our joint company secretary on May 29, 2025. For her biography, see “— Board of Directors — Executive Directors” above.

Mr. Lui Wing Yat Christopher (呂穎一) was appointed as our joint company secretary since May 29, 2025. Mr. Lui is a senior manager of company secretarial services of Tricor Services Limited. He has over 13 years of experience in the corporate secretarial field. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr Lui is a chartered secretary, a chartered

DIRECTORS AND SENIOR MANAGEMENT

governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Lui obtained his Bachelor of Science (Economics) in Economics and Statistics from University College London.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategic Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

Audit Committee

We have established the Audit Committee pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Chen Weiwu, Ms. Hao Dan and Ms. Ji Xingdan. The chairman of our Audit Committee is Mr. Chen Weiwu, who is an independent non-executive Director of our Company and has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but not limited to, (i) reviewing and monitoring the external auditors’ audit process and giving guidance to our internal audit work; (ii) making recommendations to our Board on the appointment, reappointment and removal of the external auditor; (iii) overseeing the effectiveness of our financial reporting system, risk management and internal control systems; (iv) reviewing and providing advices and comments on our financial reports; (v) coordination among our management team, internal audit department and related departments and external auditors; (vi) performing our corporate governance functions; (vii) supervise and evaluate external audit work, and propose to hire, replace and dismiss external audit institutions; (viii) supervise and evaluate internal audit work, and be responsible for the coordination of internal and external audits; (ix) review our financial information and its disclosure; (x) supervise and evaluate the our internal control; (xi) supervise and improve the principles, structure and system of corporate governance; (xii) supervise the behavior of Directors and senior managers in performing their duties in our company, and propose the removal of Directors and senior managers who violate laws, administrative regulations, the articles of association or resolutions of the Shareholders’ meeting; (xiii) require Directors and senior managers to correct their behavior when it harms the interests of our company and (xiv) performing other duties and responsibilities as assigned by our Board and/or required by the relevant laws and regulations.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three members, namely Ms. Hao Dan, Ms. Ji Xingdan and Ms. Ye Yantao. Ms. Hao Dan is the chairman of the Remuneration and Appraisal Committee.

The primary duties of the Remuneration and Appraisal Committee include, but not limited to (i) establishing, reviewing and providing advice to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time; and (iv) reviewing and/or approving matters relating to share schemes under chapter 17 of the Listing Rules.

Nomination Committee

We have established the Nomination Committee pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code. The Nomination Committee consists of three members, namely Ms. Hao Dan, Mr. Chen Weiwu and Mr. Sun Yingtong. Ms. Hao Dan is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but not limited to (i) reviewing the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

Strategic Committee

We have established the Strategic Committee. The Strategic Committee consists of three members, namely Mr. Sun Yingtong, Mr. Kan Yulun and Mr. Zhou Bin. Mr. Sun Yingtong is the chairman of the Strategic Committee.

The primary duties of the Strategic Committee include, but are not limited to, (i) studying and advising on long term strategic development plans of the Company; (ii) studying and advising on major investment financing proposals that are subject to Board approval; (iii)

DIRECTORS AND SENIOR MANAGEMENT

studying and advising on major capital operations and asset management projects that are subject to Board approval; (iv) studying and advising on any other significant events that affect the development of Company; and (v) monitoring the implementation of the aforesaid matters.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. We will also take into account our own business model and specific needs from time-to-time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of genders, knowledge, skills and experience, including but not limited to computer science, information and communications technology, legal, corporate secretarial and compliance. Members of our board have obtained professional and academic qualifications including accounting and legal expertise. We have three independent non-executive Directors from different industry backgrounds, including accounting, legal and capital management. Furthermore, our Directors are of a wide range of age, from [37] years old to [62] years old.

With regards to gender diversity on our Board, we recognize the particular importance of gender diversity. Our Board currently comprises three female Directors and four male Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company. Our board diversity policy provides that our Board should aim to increase the proportion of female members over time after [REDACTED] where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy and its implementation from time to time to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives and the progress on achieving these objectives in our corporate governance report on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Our Company recognizes the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability. We have adopted the code provisions stated in the Corporate Governance Code. We are committed to the view that our Board should include a balanced composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong independent element on our Board that can effectively exercise independent judgment.

Except for the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code, our Company’s corporate governance practices have complied with the Corporate Governance Code as at the Latest Practicable Date. Paragraph C.2.1 of Part 2 of the Corporate Governance Code stipulates that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Sun Yingtong currently is serving as the chairman of the Board as well as the general manager of our Company. In view that Mr. Sun Yingtong has been assuming day-to-day responsibilities in operating and managing our Group since 2005, our Board believes that with the support of Mr. Sun Yingtong’s extensive experience and knowledge in the business of our Group, vesting the roles of both chairman and chief executive of our Company in Mr. Sun Yingtong strengthens the consistent and solid leadership of our Group, and thereby allows for efficient business planning and decision which is in the best interest to our Group and our Shareholders taken as a whole. Our Board will continue to review and consider splitting the roles of executive chairman of our Board and the chief executive of our Company at a time when it is appropriate by taking into account the circumstances of our Group and our Shareholders taken as a whole.

Our Directors consider that the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, our Board is also of the view that the current management structure is effective for our Group’s operations, and sufficient checks and balances are in place. Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of chairman of our Board and chief executive is and continues to be necessary and in the interest of our Group and our Shareholders taken as a whole.

As Mr. Sun Yingtong, the chairman of the Board, is not an independent non-executive Director, pursuant to paragraph C.1.8 of Part 2 of the Corporate Governance Code, our Company [has designated] Mr. Chen Weiwu as the lead independent non-executive Director. The role is not an executive position in the Company and does not have any management role in the Group. As a lead independent non-executive Director, Mr. Chen Weiwu will (a) serve as an intermediary for the other Directors and Shareholders; and (b) be available to other Directors and Shareholders where normal communication channels with the chairman or management are inadequate.

Our Company will endeavor to continue adopting the best corporate governance practices which are in compliance with the Corporate Governance Code except where there are good and compelling reasons for any such deviation (which our Company would disclose as required under the Listing Rules).

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation from our Group in the form of Director’s fee, salaries and allowance and other benefits, performance related bonus, retirement benefit contributions and share-based payments.

The remuneration (including Director’s fee, salaries and allowance and other benefits, performance related bonus, retirement benefit contributions and share-based payments.) recorded for our Directors in respect of the three years ended December 31, 2024 was approximately RMB18.17 million, RMB4.80 million and RMB11.48 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for each of the three years ended December 31, 2024.

The aggregate amount of salaries and allowance and other benefits (including retirement benefit contribution) and share-based payments recorded for our Company’s five highest paid individuals (excluding two Directors) in respect of the three years ended December 31, 2024 was approximately RMB10.36 million, RMB3.48 million and RMB3.84 million, respectively.

No remuneration was paid by our Company to, or receivable by our Directors and senior management or the five highest paid individuals as an inducement to join or upon joining our Company or as a compensation for loss of office in respect of the three years ended December 31, 2024.

Further, none of our Directors or senior management had waived or agreed to waive any remuneration during the Track Record Period. Under the arrangement currently in force, the aggregate remuneration (including Director’s fee, salaries and allowance and other benefits, performance related bonus, retirement benefit contributions and share-based payments) of our Directors for the year ending December 31, 2025 is estimated to be no more than approximately RMB5.04 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [REDACTED], receive recommendation from the Remuneration and Appraisal Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and performance of our Group.

COMPETITION

Each of our executive Directors and non-executive Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed South China Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;
- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues, sales or transfers of treasury shares and share repurchases;
- where our Company proposes to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the [REDACTED] of our Shares.

The term of the appointment shall commence on the [REDACTED] and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED].

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business — Our Development Strategies” for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately [REDACTED], assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED] stated in this document), after deducting the [REDACTED] and estimated expenses paid or payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised.

In line with our strategies, we intend to apply the net [REDACTED] from the [REDACTED] for the following purposes and in the amounts set forth below:

- **Approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to enhance our research and development capabilities to build a new technology platform, develop new product lines which are expected to be a new generation in performance and specifications, including high-performance MCUs, multi-protocol communication chips, specialized market chips and automotive-grade chips, among others.**

We aim to develop new product categories or platforms that we are yet to enter into or have not yet achieved productization capabilities, and to expand new productlines and entering new markets. For instance, we plan to develop high-performance MCU chips (such as next-generation MCUs based on the M85 core or integrating anNPU, breaking through the performance limits of existing M0/M4/M7 cores), and explore new product directions such as multi-protocol communication chips. This commitment to building entirely new technological capabilities, achieving a generational leap in product performance or applicable standards, represents a “from 0 to 1” strategic investment of new products. More specifically:

- (1) approximately [REDACTED] of the net [REDACTED], or [REDACTED] will be used to develop high-performance MCU chips which can be applied to robots, industrial servers, PLC and HMI scenarios, among others. Such products are expected to have higher main frequency with built-in proprietary vector computing unit that supports edge AI computing applications such as robotics. We also intend to actively develop motor control MCUs with integrated computation, control, and interface capabilities for industrial control uses. We plan to use such [REDACTED] to recruit R&D personnel and cover other relevant expenses including equipment procurement fees, software procurement fees, testing fees, product certification fees, and tape-out fees for the R&D activities in this regard in the next five years.

FUTURE PLANS AND [REDACTED]

- (2) approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to develop our multi-protocol communication chips, which can be applied to industrial control and PLC, among other application scenarios. Such products are expected to be compatible with mainstream international protocols such as EtherCAT, PROFINET, and EtherNet/IP under a unified multi-protocol communication platform, thereby having better communication capabilities to support industrial uses. We plan to use such [REDACTED] to recruit R&D personnel and cover other relevant expenses including equipment procurement fees, software procurement fees, testing fees, and tape-out fees for the R&D activities in this regard in the next five years.
- (3) approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to develop our specialized market chips, which provides a secure and efficient connection cornerstone for smart terminals, Industry 4.0 and Telematics, and can provide consumer-grade solutions such as smartphones and tablets, wearable devices, industrial-grade solutions such as smart manufacturing and energy management; as well as solutions for emerging scenarios such as Telematics, AIoT, among others. Such products are expected to have better security functions, and in particular, are expected to integrate HSM modules that support dual commercial and international cryptographic algorithm engines to support automotive applications such as smart cockpits and autonomous driving and contribute to the development of in-vehicle information security ecosystem. We plan to use such [REDACTED] to recruit R&D personnel and cover other relevant expenses including software procurement fees, testing fees, product certification fees, and tape-out fees for the R&D activities in this regard in the next five years.
- (4) approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to develop our automotive-grade chips, which can be applied to automotive scenarios such as digital key and sensor-less interaction, collaborative sensing and autonomous driving, as well as vehicle-cloud communication. We plan to use such [REDACTED] to recruit R&D personnel and cover other relevant expenses including software procurement fees, testing fees, product certification fees, and tape-out fees for the R&D activities in this regard in the next five years.

FUTURE PLANS AND [REDACTED]

Below please find the our expected new product development timetable:

Research Project	Expected Commencement Date	Expected Tape-out Date	Expected Sample Testing Date	Expected Sales Commencement Date	Expected Mass Production Date
High-performance MCU 1 . . .	2026	2027	2027	2027	2028
High-performance MCU 2 . . .	2027	2028	2028	2029	2029
Multi-protocol communication chip	2027	2027	2028	2028	2029
Specialized market chip	2027	2027	2028	2028	2029
Automotive-grade chip	2028	2029	2029	2030	2031

- **Approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to upgrade our existing product portfolio so as to achieve an upgrade “from existence to excellence”.**

We plan to use such [REDACTED] to recruit R&D personnel and cover other relevant expenses including software procurement fees, testing fees, and tape-out fees for the R&D activities in this regard in the next five years. We aim to iterate and optimize existing products that are already in mass production and have entered maturity, thereby enhancing their market competitiveness and life-cycle value. These activities focus on continuous improvement within the existing technological framework. For products that have been in mass production for more than a certain number of years (e.g. five years), improvements can be made by optimizing the design, updating the manufacturing process, or enhancing peripheral functions to address customer pain points, moderately improve performance, or reduce costs. Such development and upgrade will not change the core architecture or basic market positioning of the product; it represents a tactical investment “from existence to excellence” aimed at consolidating the company’s position in the existing market. For example, for an existing MCU chip, upgrading the chip’s memory from 512KB to 1MB to meet new customer needs without changing its core architecture. In particular, we intend to improve our existing products and IP modules (such as ADC, DAC, HSI and other analog IP modules) to reduce power consumption, optimize backend processes and decrease size of the IP modules.

FUTURE PLANS AND [REDACTED]

Below please find the our expected existing product upgrade timetable:

Research Project	Expected Commencement Date	Expected Tape-out Date	Expected Sample Testing Date	Expected Sales Commencement Date	Expected Mass Production Date
Existing MCU product 1	2026	2026	2027	2027	2027
Existing MCU product 2	2027	2027	2028	2028	2028
Existing MCU product 3	2028	2028	2029	2029	2029
Existing MCU product 4	2029	2029	2030	2030	2030
Existing MCU product 5	2030	2030	2031	2031	2031

- **Approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to conduct strategic investments and acquisitions.**

We seek to secure minority interest in, or acquire, companies whose business and our chip business have certain complementary or synergistic effects. We plan to invest in or acquire companies in China and other overseas countries or regions in the semiconductor industry chain, including those engaged in mixed-signal, analog, signal chain, power management integrated circuit, memory, microprocessors, and wireless communications, as well as other high-quality targets that align with the development trends of the semiconductor industry, so as to further enhance our technological capabilities and operational efficiency. While in the past years we have primarily focused our resources in our inhouse R&D to develop our MCU technology platform and consolidate our core expertise, with our planned expansion, we intend to prioritize the acquisition of targets specializing in peripheral products such as power management ICs, driver chips, clock chips and interface chips, which are supporting the main control chips (such as MCUs) function-wise to establish a more complete product ecosystem. In the technical architecture, the main control chip, as the core processing unit of the system, relies on key supporting units for its efficient and stable operation. Power management ICs are responsible for system power supply and power consumption management; driver chips realize power conversion of control signals; clock chips provide a precise timing reference; and interface chips expand the system’s external communication capabilities. While these chips are essential for system stability and reliability, their specifications and functionality are largely determined by the technical characteristics of the main control chip, thus exhibiting a natural complementary and subordinate relationship in product logic. By acquiring these peripheral product companies, we intend to evolve into a comprehensive system solution provider providing a highly synergistic chip portfolio, rather than merely being a single component supplier, which we believe will enhance our core competitive advantages as follows: (i) deliver more competitive product portfolios to withstand price competition, as the competition will shift from the price of individual chips to the overall value of complete solutions (including system reliability, ease of development, and supply chain efficiency). Customers’ willingness to pay for the whole package to reduce system design and procurement risks and accelerate time-to-market may effectively reduced

FUTURE PLANS AND [REDACTED]

price sensitivity to individual products; (ii) build a complete product ecosystem to enhance customer stickiness, as the switching cost will increase after the customers use our complete chipset in their product design, their hardware design, software drivers, and testing processes are deeply integrated; and (iii) establish differentiated competitive advantages in high-value application fields such as automotive electronics, industrial control, and IoT, as providing a whole package of products and relevant services, we will significantly improve the development efficiency and final performance of our customers’ products. This establishes a differentiated competitive advantage centered on “empowering customer success,” which is difficult to replicate simply. See “Business — Our Development Strategies — Attracting Top Global Talent and Selectively Exploring Acquisition Opportunities”.

We did not have specific potential investment or acquisition target as of the Latest Practicable Date, but we intend to acquire targets meeting these criteria: (i) annual revenue between RMB50-300 million; (ii) market share between 3-10% in its specialized segment; (iii) product gross margin between 35-50%; (iv) having at least 2-3 major clients, with no single customer exceeding 40% of total revenue; or (v) possessing market-proven core technological capabilities and key intellectual property rights that synergize with the our strategy. According to CIC, there could be over 500 potential acquisition targets meeting such criteria. We expect such acquisition to be completed within the next three years. Through strategic investments or acquisitions, we will further enhance our forward-looking technology footprint, expand our product portfolio, and accelerate our penetration into more downstream application markets.

- **Approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used to repay part of our outstanding bank loans.**

We intend to repay part of our bank loans carrying an annual interest rate of 4.20% which will mature in 2027 and 2035. Such bank loans are for our working capital purpose. We consider early repayment of such bank loans will effectively lower our financing costs in the future. We intend to repay such bank loans within one year.

- **Approximately [REDACTED] of the net [REDACTED], or [REDACTED], will be used for working capital and other general corporate purposes.**

In the event that the [REDACTED] is set at the [REDACTED] or [REDACTED] of the proposed [REDACTED] and the [REDACTED] is not exercised, the net [REDACTED] to be received by us will be increased or decreased by approximately [REDACTED], respectively. To the extent our net [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.

FUTURE PLANS AND [REDACTED]

If the [REDACTED] is fully exercised, we will receive additional net [REDACTED] of approximately [REDACTED] (assuming an [REDACTED] of [REDACTED] per [REDACTED], being the [REDACTED] of the [REDACTED] stated in this document). In the event that the [REDACTED] is exercised, we intend to apply the additional net [REDACTED] to the above purposes on a pro rata basis.

To the extent that our [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED]. We will issue an appropriate announcement if there is any material change to the above proposed [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above, and to the extent permitted by the relevant laws and regulations, we intend to deposit the [REDACTED] in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under SFO or applicable laws and regulations in the other jurisdictions).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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-[74]], 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 NSING TECHNOLOGIES INC. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of NSING TECHNOLOGIES INC. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-[3]] to [I-[74]], which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and 30 September 2025, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 September 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 31 December 2024 and the nine months ended 30 September 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-[74]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (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 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

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 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors 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 31 December 2022, 2023 and 2024 and 30 September 2025, of the Company’s financial position as at 31 December 2022, 2023 and 2024 and 30 September 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 1 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 30 September 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 and presentation set out in note 1 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,

APPENDIX I

ACCOUNTANTS’ REPORT

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 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 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

[Date]

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 International Accounting Standards Board (the “IASB”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“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.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	5					
– Sales of goods and services . . .		1,187,842	1,027,359	1,160,741	814,221	953,076
– Leases		7,569	9,394	6,809	6,773	5,239
		<u>1,195,411</u>	<u>1,036,753</u>	<u>1,167,550</u>	<u>820,994</u>	<u>958,315</u>
Cost of sales						
– Cost of sales of goods and services		(751,676)	(895,311)	(932,159)	(660,358)	(770,719)
– Write-down of inventories . . .		(17,715)	(123,431)	(52,999)	(5,101)	(4,910)
		<u>(769,391)</u>	<u>(1,018,742)</u>	<u>(985,158)</u>	<u>(665,459)</u>	<u>(775,629)</u>
Gross profit		426,020	18,011	182,392	155,535	182,686
Other income	6	52,248	41,327	56,695	42,023	26,196
Other gains and losses	7	65,652	(143,807)	(46,440)	(22,395)	(1,808)
Impairment losses under expected credit loss model (“ECL”), net of reversal	8	144	(5,457)	(436)	(5,259)	(4,272)
Selling expenses		(61,791)	(43,615)	(43,788)	(28,307)	(33,704)
Administrative expenses		(157,389)	(115,626)	(162,834)	(126,187)	(76,851)
Research and development expenses		(295,316)	(284,737)	(186,831)	(137,329)	(120,082)
Finance costs	9	(37,377)	(70,016)	(67,842)	(52,262)	(58,304)
Loss before tax		(7,809)	(603,920)	(269,084)	(174,181)	(86,139)
Income tax (expense) credit	10	(11,121)	9,930	13,360	8,157	10,393
Loss for the year/period	11	<u>(18,930)</u>	<u>(593,990)</u>	<u>(255,724)</u>	<u>(166,024)</u>	<u>(75,746)</u>
Loss for the year/period attribute to:						
Owners of the Company		(32,485)	(571,524)	(235,342)	(149,354)	(73,740)
Non-controlling interests		13,555	(22,466)	(20,382)	(16,670)	(2,006)
		<u>(18,930)</u>	<u>(593,990)</u>	<u>(255,724)</u>	<u>(166,024)</u>	<u>(75,746)</u>
Other comprehensive income (expense)						
Items that will not be reclassified to profit or loss:						
Fair value gain (loss) on equity instruments at fair value through other comprehensive income (“FVTOCI”)		158	(134)	19	–	(1,012)
Remeasurement of properties upon transferred from property, plant and equipment and right-of-use assets to investment properties		6,920	–	–	–	–
Others		–	–	(1,225)	–	–
		<u>7,078</u>	<u>(134)</u>	<u>(1,206)</u>	<u>–</u>	<u>(1,012)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations	6,044	1,158	155	159	546
Other comprehensive income (expense) for the year/period, net of income tax	13,122	1,024	(1,051)	159	(466)
Total comprehensive expense for the year/period	<u>(5,808)</u>	<u>(592,966)</u>	<u>(256,775)</u>	<u>(165,865)</u>	<u>(76,212)</u>
Total comprehensive (expense) income for the year/period attributable to:					
Owners of the Company	(19,709)	(570,500)	(236,331)	(149,195)	(74,206)
Non-controlling interests	13,901	(22,466)	(20,444)	(16,670)	(2,006)
	<u>(5,808)</u>	<u>(592,966)</u>	<u>(256,775)</u>	<u>(165,865)</u>	<u>(76,212)</u>
Loss per share					
– Basic in RMB 14	<u>(0.06)</u>	<u>(1.00)</u>	<u>(0.40)</u>	<u>(0.26)</u>	<u>(0.13)</u>
– Diluted in RMB 14	<u>(0.06)</u>	<u>(1.00)</u>	<u>(0.40)</u>	<u>(0.26)</u>	<u>N/A</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 September
	NOTES	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment.	15	686,792	1,059,034	1,271,846	1,250,607
Right-of-use assets	16	121,862	102,876	92,705	87,725
Investment properties	17	252,047	221,178	209,435	206,100
Goodwill.	19	40,794	32,081	30,647	30,351
Intangible assets	21	213,510	176,954	208,910	229,445
Long-term prepayments	25	66,453	98,637	24,652	21,729
Equity instruments at					
FVTOCI	22	69,718	69,584	69,603	68,591
Deferred tax assets	23	69,722	67,957	77,457	87,319
		<u>1,520,898</u>	<u>1,828,301</u>	<u>1,985,255</u>	<u>1,981,867</u>
Current Assets					
Inventories	24	923,175	620,999	620,957	649,037
Trade and other receivables at					
amortised cost	25	359,325	355,976	421,047	446,915
Trade and bills receivables at					
FVTOCI	26	93,025	115,868	149,261	114,990
Financial assets at fair value					
through profit or loss					
(“FVTPL”)	27	187,728	88,537	72,533	79,617
Derivative financial					
instrument	31	—	—	419	—
Restricted bank balances	28	69,978	28,375	101,800	105,552
Cash and cash equivalents	28	559,605	764,524	361,665	187,870
		<u>2,192,836</u>	<u>1,974,279</u>	<u>1,727,682</u>	<u>1,583,981</u>
Current Liabilities					
Trade and other payables	29	516,248	403,718	714,760	740,396
Contract liabilities	30	13,838	18,045	4,965	7,594
Tax liabilities		12,615	1,152	168	—
Derivative financial					
instrument	31	1,522	—	—	415
Borrowings	32	719,315	822,892	837,282	856,430
Lease liabilities.	33	14,702	10,971	9,702	10,583
		<u>1,278,240</u>	<u>1,256,778</u>	<u>1,566,877</u>	<u>1,615,418</u>
Net Current Assets					
(Liabilities).		914,596	717,501	160,805	(31,437)

APPENDIX I

ACCOUNTANTS’ REPORT

	NOTES	As at 31 December			As at 30 September
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Total Assets Less Current					
Liabilities		2,435,494	2,545,802	2,146,060	1,950,430
Non-current Liabilities					
Deferred income	34	945	3,928	21,650	22,678
Provision	35	—	3,216	—	—
Long-term payables	29	190,802	415,193	264,131	112,985
Borrowings	32	418,965	815,827	755,018	791,159
Lease liabilities	33	41,428	35,165	29,358	24,536
Deferred tax liabilities	23	39,543	26,971	23,141	22,569
		691,683	1,300,300	1,093,298	973,927
Net Assets		1,743,811	1,245,502	1,052,762	976,503
Capital and Reserves					
Share capital	36	595,638	594,841	583,127	583,127
Reserves		1,053,466	576,293	406,209	378,632
Equity attributable to owners of the Company		1,649,104	1,171,134	989,336	961,759
Non-controlling interests		94,707	74,368	63,426	14,744
Total Equity		1,743,811	1,245,502	1,052,762	976,503

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 September
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment.	15	402,002	372,872	344,998	334,215
Right-of-use assets	16	31,716	27,851	25,192	21,162
Investment properties	17	268,809	236,518	225,562	222,592
Investment in subsidiaries	18	716,013	720,696	774,373	656,178
Intangible assets	21	201,803	166,260	160,310	178,876
Long-term prepayments	25	1,911	–	45	–
Equity instruments at					
FVTOCI	22	3,841	3,707	3,726	3,739
Deferred tax assets	23	55,701	30,485	29,995	29,609
		<u>1,681,796</u>	<u>1,558,389</u>	<u>1,564,201</u>	<u>1,446,371</u>
Current Assets					
Inventories	24	631,312	423,699	367,547	340,161
Trade and other receivables at					
amortised cost	25	227,421	108,634	93,927	147,600
Trade and bills receivables at					
FVTOCI	26	9,963	901	142	1,502
Financial assets at FVTPL . . .	27	138,075	66,707	50,377	57,172
Derivative financial					
instrument	31	–	–	419	–
Restricted bank balances	28	23,484	22,717	38,562	34,936
Cash and cash equivalents . . .	28	303,654	324,521	186,590	66,485
		<u>1,333,909</u>	<u>947,179</u>	<u>737,564</u>	<u>647,856</u>
Current Liabilities					
Trade and other payables	29	299,228	159,830	210,476	181,802
Contract liabilities	30	10,830	12,907	3,189	5,404
Derivative financial					
instrument	31	1,522	–	–	415
Bank borrowings	32	428,963	394,824	337,186	319,253
Lease liabilities	33	5,657	6,355	5,513	4,827
		<u>746,200</u>	<u>573,916</u>	<u>556,364</u>	<u>511,701</u>
Net Current Assets		<u>587,709</u>	<u>373,263</u>	<u>181,200</u>	<u>136,155</u>
Total Assets Less Current					
Liabilities		2,269,505	1,931,652	1,745,401	1,582,526

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December			As at 30 September
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Liabilities					
Deferred income	34	—	3,108	4,104	2,875
Provision	35	—	3,216	—	—
Long-term payables	29	5,000	5,000	5,000	5,000
Bank borrowings	32	376,424	373,323	294,071	327,314
Lease liabilities	33	7,855	5,037	3,916	741
Deferred tax liabilities	23	33,336	22,209	19,279	18,879
		422,615	411,893	326,370	354,809
Net Assets		1,846,890	1,519,759	1,419,031	1,227,717
Capital and Reserves					
Share capital	36	595,638	594,841	583,127	583,127
Reserves	38	1,251,252	924,918	835,904	644,590
Total Equity		1,846,890	1,519,759	1,419,031	1,227,717

Attributable to owners of the Company

- I-11 -

- I-12 -

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (a) Share-based payments reserve represented the share-based payments under Share Incentive Scheme of the Company and Share Incentive Scheme of Sinuo launched by a non-wholly owned subsidiary of the Company (as detailed in note 39), net of income tax effect.
- (b) The statutory reserve represents the amount transferred from net profit for the year of the Company in accordance with the relevant laws of the People’s Republic of China (the “PRC”) until the statutory surplus reserve reaches 50% of the registered capital of the Company. The statutory surplus reserve cannot be reduced except for either using to set off the accumulated losses or increase share capital.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i>
OPERATING ACTIVITIES					
Loss before tax	(7,809)	(603,920)	(269,084)	(174,181)	(86,139)
Adjustments for:					
Depreciation of property, plant and equipment	49,788	60,513	55,698	44,966	71,667
Depreciation of right-of-use assets	15,027	15,270	10,717	8,268	8,420
Amortisation of intangible assets	50,169	58,063	35,451	28,967	26,045
Amortisation of government grants	(125)	(125)	(272)	(203)	(796)
ECL, net of reversal	(144)	5,457	436	5,259	4,272
Impairment losses recognised on property, plant and equipment	2	835	–	–	–
Impairment losses recognised on intangible assets	–	32,362	12,211	–	–
Impairment losses recognised on goodwill	–	8,713	1,434	–	296
Write-down for inventories	17,715	123,431	52,999	5,101	4,910
Share-based payment expense	138,088	3,332	63,988	63,988	–
Fair value changes of investment properties	953	30,869	11,743	–	3,335
Fair value changes of financial assets at FVTPL	(45,672)	98,729	14,282	20,535	(4,295)
Fair value changes of derivative financial instruments	1,522	(1,522)	(419)	1,590	834
Net (gain) loss on disposal of property, plant and equipment and right-of-use assets	(225)	(2,022)	(233)	(233)	1,395
Net investment gain on financial assets	(18,500)	(27,421)	(1,621)	(1,154)	(114)
Net foreign exchange loss	5,173	1,429	2,183	1,038	902
Finance costs	37,377	70,016	67,842	52,262	58,304
Interest income	(8,197)	(6,687)	(5,041)	(4,424)	(2,138)
Operating cash flows before movements in working capital	235,142	(132,678)	52,314	51,779	86,898
(Increase) decrease in inventories	(633,650)	166,249	(60,532)	(24,496)	(32,990)
(Increase) decrease in trade and other receivables	(103,738)	1,393	(66,752)	(94,913)	(9,964)
Decrease (increase) in trade and bills receivables at FVTOCI	24,533	(121,117)	(139,150)	(160,813)	(22,571)
(Increase) decrease in guarantee deposits for issuance of bank bills	(7,898)	42,648	(71,160)	(37,553)	1,471
(Decrease) increase in trade and other payables	(103,242)	(74,914)	165,928	93,336	(73,761)
(Decrease) increase in contract liabilities	(42,733)	4,207	(13,080)	(10,596)	2,629
Increase (decrease) in provisions	–	3,216	(3,216)	(3,216)	–
Increase (decrease) in deferred income	–	1,108	16,494	5,242	(1,176)
Cash used in operations	(631,586)	(109,888)	(119,154)	(181,230)	(49,464)
Income taxes paid	(9,071)	(12,469)	(2,179)	(1,030)	(209)
NET CASH USED IN OPERATING ACTIVITIES	(640,657)	(122,357)	(121,333)	(182,260)	(49,673)

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i>
INVESTING ACTIVITIES					
Interests received	8,197	6,687	5,041	4,424	2,138
Payments for purchase and deposits paid for acquisition of property, plant and equipment	(66,996)	(196,586)	(157,219)	(101,913)	(95,238)
Payments for purchase of intangible assets	(64,656)	(21,323)	(37,217)	(35,131)	(29,322)
Payments for purchase of right-of-use assets	(41,390)	–	–	–	–
Proceeds from disposal of property, plant and equipment	6,675	11,482	3,626	2,873	279
Payments for purchase of financial assets at FVTPL	(190,204)	(496,896)	(8,826)	(137)	(2,789)
Proceeds from disposal of financial assets at FVTPL	188,502	497,358	10,548	369	–
Net investment gain on financial assets	18,500	27,421	1,621	1,154	114
Net changes in restricted bank balances for derivative financial instruments	–	–	(2,015)	–	–
Receipts of government grants relating to construction of non-current assets	–	2,000	1,500	–	3,000
NET CASH USED IN INVESTING ACTIVITIES	<u>(141,372)</u>	<u>(169,857)</u>	<u>(182,941)</u>	<u>(128,361)</u>	<u>(121,818)</u>
FINANCING ACTIVITIES					
Interest paid	(34,177)	(73,838)	(70,767)	(53,922)	(67,209)
Proceeds from borrowings raised.	962,565	1,307,130	895,044	666,982	818,525
Repayments of borrowings.	(208,889)	(712,462)	(834,291)	(638,006)	(693,812)
Repayment of principal elements of lease liabilities	(13,810)	(14,032)	(12,023)	(9,371)	(7,969)
Repayment of interest elements of lease liabilities	(4,152)	(3,488)	(2,813)	(2,170)	(1,852)
Capital injection from shareholders of the Company	18,251	–	–	–	–
Capital injection from non-controlling shareholders of subsidiaries.	149,070	–	–	–	–
Repurchase of non-controlling interests	–	–	–	–	(30,000)
Issue costs paid	–	–	–	–	(14,498)
Repurchase of the Company’s shares Net changes in guarantee deposits to secure banking facilities	– <u>(59)</u>	(4,861) <u>(1,045)</u>	(71,457) <u>(250)</u>	(71,457) <u>(129)</u>	– <u>(5,223)</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>868,799</u>	<u>497,404</u>	<u>(96,557)</u>	<u>(108,073)</u>	<u>(1,948)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86,770	205,190	(400,831)	(418,694)	(173,439)
Effect of foreign exchange rate changes.	871	(271)	(2,028)	(873)	(356)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	<u>471,964</u>	<u>559,605</u>	<u>764,524</u>	<u>764,524</u>	<u>361,665</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	<u>559,605</u>	<u>764,524</u>	<u>361,665</u>	<u>344,957</u>	<u>187,870</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Company was established in the PRC on 31 January 2009 as a limited liability company. On 3 June 2009, the Company was converted into a joint stock company with limited liabilities with the name changed from Shenzhen ZTE Integrated Circuit Design Co., Ltd.* (深圳市中興集成電路設計有限責任公司) to Nations Technologies Inc.* (國民技術股份有限公司) and the name further changed to NSING TECHNOLOGIES INC. on 9 September 2025. The Company was listed on the Shenzhen Stock Exchange on 30 April 2010, with the stock code 300077. The address of the registered office and principal place of business of the Company are stated in the section headed “Corporate Information” of the Document.

The Company is mainly engaged in investment holding and integrated design and sales of chip products. Its subsidiaries are engaged in providing customers with the integrated design and sales of chip products and production and sales of lithium-ion battery anode material products. The particulars of the Company’s subsidiaries are set out in note 44.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards.

The statutory financial statements of the Company for each of the three years ended 31 December 2022, 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by Zhongxingcai Guanhua Certified Public Accountants LLP (中興財光華會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

As at 30 September 2025, the Group had net current liabilities of RMB31,437,000. The directors of the Company have carefully assessed the Group’s liquidity position by taking into account the availability of undrawn banking facilities amounted to RMB772,359,000 at 30 September 2025. The directors of the Company believe that the Group has adequate resources to continue operations and meet its liabilities as at when they fall due for the foreseeable future. Therefore, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

* English name is for identification purpose only.

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 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 Group has not early applied the following new and amendments to IFRS Accounting Standards that 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 7 and IFRS 9	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

APPENDIX I

ACCOUNTANTS’ REPORT

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 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standards 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* and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the consolidated financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group’s consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the 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 and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

APPENDIX I

ACCOUNTANTS’ REPORT

Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“IFRS16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by 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 year are included in the consolidated statements of profit or loss and other comprehensive income from the date of 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 in 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.

APPENDIX I

ACCOUNTANTS’ REPORT

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivables.

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 (“CGU”) (or group of CGU) 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 CGU (or group of CGU) 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 CGU (or group of CGU) 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 CGU).

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in notes 5 and 30.

Internally-generated intangible assets — Research and development expenditure

Expenditure on research activities is recognised 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 recognised 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 recognised 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 recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

APPENDIX I

ACCOUNTANTS’ REPORT

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised 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 lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

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 statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value.

Lease liabilities

At the commencement date of a lease, the Group recognises 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 less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

APPENDIX I

ACCOUNTANTS’ REPORT

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises 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 recognised as deferred income in the consolidated statements 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 recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

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 capitalisation 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 capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to state-managed defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

Share-based payments

Equity-settled share-based payments transactions

The Group operates a share incentive plan, under which it receives services from employees as consideration for restricted shares of the Company (the “Share Incentive Scheme of the Company”) and shares granted by a subsidiary of the Company (the “Share Incentive Scheme of Sinuo”) as detailed in note 39. The fair value of the services received in exchange for the grant of equity instruments is recognised as an expense on the consolidated statements of profit or loss with a corresponding increase in equity.

Equity-settled share-based payments to employees providing similar services 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 using graded vesting method over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). 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 recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve. For equity instruments that vest immediately at the date of grant, the fair value of the equity instruments is expensed immediately to profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

When equity instruments are exercised, the amount previously recognised in share-based payment reserve will be transferred to share capital and capital reserve. When the equity instruments are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to capital reserve.

When share incentive scheme is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the share incentive scheme is recognised immediately.

At each reporting period end, the Group revises the estimates of the number of equity instruments that are expected to ultimately vest. The Group recognises the impact of the revision to original estimates, if any, in the consolidated statements of profit or loss, with a corresponding adjustment to equity.

Taxation

Income taxation represents the sum of the current and deferred income taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because it excludes items of income or 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 at the end of each reporting period.

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other 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 recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each 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 each 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 recognises 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 the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

APPENDIX I

ACCOUNTANTS’ REPORT

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 recognises 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 utilised 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 recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised 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 and, for qualifying assets, borrowing costs capitalised 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 recognised so as to write off the cost of assets other than 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 derecognised 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 recognised in profit or loss.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in FVTOCI and other reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

APPENDIX I

ACCOUNTANTS’ REPORT

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

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 its 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.

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 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 cash generating unit 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 CGUs, 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 CGUs. 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 recognised 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 recognised for the asset (or a CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable 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 recognised 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.

The amount recognised 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).

APPENDIX I

ACCOUNTANTS’ REPORT

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement 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 financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant periods. 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 amortised 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.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and trade and bills receivables subsequently measured at FVTOCI. 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. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised 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 recognised 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.

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Trade and bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for trade and bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of other reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of trade and bills receivables classified as at FVTOCI. When these trade and bills receivables classified as at FVTOCI are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised 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 recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in “other gains and losses”.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, trade and bills receivables at FVTOCI, restricted bank balances and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each 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. Assessments 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 recognises lifetime ECL for trade and bills receivables at amortised cost and FVTOCI. The ECL on these assets are assessed individually for debtors with significant balances and credit-impaired and/or collectively using a collective basis with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised 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.

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 external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

APPENDIX I

ACCOUNTANTS’ REPORT

- 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 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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(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 recognised in profit or loss.

(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 adjusted by 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 and bills receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

APPENDIX I

ACCOUNTANTS’ REPORT

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 trade and bills receivables at amortised cost and FVTOCI 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 the following characteristics when formulating the grouping:

- nature of financial instruments;
- past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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 amortised cost of the financial asset.

Except for trade and bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account. For trade and bills receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the other reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the other reserve in relation to accumulated loss allowance.

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 neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

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 the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities at amortised cost

Financial liabilities of the Group and the Company (including trade and other payables, long-term payables and borrowings) are subsequently measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include 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.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and form an integral part of the Group’s cash management.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, the directors of the Company are required to make judgments, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgement

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group’s investment property portfolios and concluded that the Group’s investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group’s deferred taxation on investment properties, the directors of the Company have determined that the presumption of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxation on changes in fair value of investment properties.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

Estimated impairment of intangible assets

Intangible assets are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key

APPENDIX I

ACCOUNTANTS’ REPORT

assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to uncertainties.

The directors of the Company conducted impairment assessment on certain software and development expenditure, which have indication for impairment due to the market downturn of chip products, with carrying amounts of RMB47,057,000, RMB12,211,000 and RMB42,196,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively. The recoverable amounts of the aforesaid intangible assets have been determined based on their value in use. Based on the assessment of the directors of the Company, the impairment loss of RMB32,362,000, RMB12,211,000 and nil, respectively, have been recognised in other gains and losses during the years ended 31 December 2023 and 2024 and nine months ended 30 September 2025.

Details of the impairment of intangible assets are disclosed in note 21.

Determination of net realisable value of inventories

Inventories mainly include chip products and lithium-ion battery anode material products. The net realisable values are subject to fluctuation of market prices of the relevant products. When there is a downward trend in the market, the selling price of the finished goods may decrease which imposes pressures to the net realisable values. Inventories are stated at the lower of cost and net realisable value with carrying amount of RMB923,175,000, RMB620,999,000, RMB620,957,000 and RMB649,037,000, net of allowance for inventories of RMB83,670,000, RMB174,055,000, RMB166,438,000 and RMB149,440,000, as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.

Deferred tax assets

As at 31 December 2022, 2023 and 2024 and 30 September 2025, deferred tax assets of RMB69,722,000, RMB67,957,000, RMB77,457,000 and RMB87,319,000, respectively, in relation to unused tax losses and deductible temporary differences have been recognised in the consolidated statements of financial position.

The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 17.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Whilst the Group considers valuations of the Group’s investment properties are the best estimates, the greater market uncertainty has led to higher degree of uncertainties in respect of the valuations. Changes to these assumptions would result in changes in the fair values of the Group’s investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income.

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the carrying amount of the Group’s investment properties is RMB252,047,000, RMB221,178,000, RMB209,435,000 and RMB206,100,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Types of goods and services					
Chip products	458,236	417,141	555,724	399,961	463,912
Lithium-ion battery anode material products	627,337	526,892	549,421	377,392	455,048
Others	102,269	83,326	55,596	36,868	34,116
Revenue from contracts with customers	1,187,842	1,027,359	1,160,741	814,221	953,076
Leases	7,569	9,394	6,809	6,773	5,239
Total revenue	1,195,411	1,036,753	1,167,550	820,994	958,315

During the Track Record Period, the Group’s revenue was substantially recognised at a point in time.

Performance obligations for contracts with customers

Revenue is primarily generated from the sales of chip products, lithium-ion battery anode material products and provision of other goods and services in Chinese mainland and Hong Kong.

Sales of chip products

Revenue from the domestic sale of chip products to the distributors or ultimate customers is recognised at a point in time when the chip products are delivered to the distributors and the customers’ designated locations, and the distributors or the ultimate customers have confirmed the acceptance of the products. Upon confirming the acceptance, the distributor and the ultimate customers have the right to sell the products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas sales of chip products is recognised when the chip products have been declared to the customs and loaded on board in accordance with the sales contract.

Sales of lithium-ion battery anode material products

Revenue from the domestic sale of lithium-ion battery anode material products to the customers is recognised at a point in time when the lithium-ion battery anode material products are delivered to the customers’ designated locations, and the customers have confirmed the acceptance of the products.

Others

The Group also provides goods and services to customers, such as sales of smart locks and scrap materials, provision of technical and development services. Revenues are recognised at a point in time upon transfer of goods to the customers or completion of the services.

Leases

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
For operating leases					
Total revenue arising from lease					
– Operating lease income with fixed lease payments	7,569	9,394	6,809	6,773	5,239

APPENDIX I

ACCOUNTANTS’ REPORT

Transaction price allocated to the remaining performance obligation for contracts with customers

The performance obligation under the contract with customers has original expected duration of less than one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The Group’s chief operating decision maker, who has been identified as the Chief Executive Officer (the “CEO”), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CEO. Hence, the Group has only one reportable segment.

Geographical information

Information about the Group’s revenue is presented based on the location of the customers. Information about the Group’s non-current assets is presented based on the geographical location of the assets.

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Revenue from customers					
– Chinese Mainland	1,114,081	1,012,880	1,129,036	791,567	941,372
– Hong Kong	23,133	9,219	20,698	15,869	5,845
– Korea	34,676	9	2	–	–
– United States of America (“USA”)	7,163	2,410	7,763	3,044	2,778
– Others	8,789	2,841	3,242	3,741	3,081
	<u>1,187,842</u>	<u>1,027,359</u>	<u>1,160,741</u>	<u>814,221</u>	<u>953,076</u>
	As at 31 December			At 30 September	
	2022	2023	2024	2025	
	RMB’000	RMB’000	RMB’000	RMB’000	
Non-current assets					
– Chinese Mainland	1,379,540	1,690,257	1,797,095	1,773,087	
– Singapore	1,918	503	41,100	52,870	
	<u>1,381,458</u>	<u>1,690,760</u>	<u>1,838,195</u>	<u>1,825,957</u>	

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

Revenue from a customer of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Customer A*	<u>311,210</u>	<u>305,631</u>	<u>336,793</u>	<u>228,354</u>	<u>298,254</u>

* Revenue arising from sales of lithium-ion battery anode material products.

APPENDIX I

ACCOUNTANTS’ REPORT

6. OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Government grants	43,929	34,528	51,522	37,459	23,351
Interest income	8,197	6,687	5,041	4,424	2,138
Others	122	112	132	140	707
	<u>52,248</u>	<u>41,327</u>	<u>56,695</u>	<u>42,023</u>	<u>26,196</u>

During the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the government grants mainly include subsidies received to reward for the Group’s contribution in high and new technology and encouraged industries and tax refund amounting to RMB43,804,000, RMB34,403,000, RMB47,096,000, RMB33,102,000 (unaudited) and RMB16,879,000, respectively, which was recognised in the consolidated statements of profit or loss upon receipt of these rewards and the related conditions associated with the rewards are met, if any. There are no unfulfilled conditions or contingencies relating to these grants.

The remaining portion of government grants mainly related to subsidies received for the construction of plant and facilities and reimbursement of research and development expenses in the PRC which were recognised in the statement of profit or loss as detailed in note 34.

7. OTHER GAINS AND LOSSES

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Investment gain on financial assets	18,500	27,421	1,621	1,154	114
Gain (loss) from changes in fair value of financial assets at FVTPL	45,672	(98,729)	(14,282)	(20,535)	4,295
Changes in fair value of derivative financial instruments	(1,522)	1,522	419	(1,590)	(834)
Changes in fair value of investment properties	(953)	(30,869)	(11,743)	—	(3,335)
Impairment losses recognised in respect of property, plant and equipment	(2)	(835)	—	—	—
Impairment losses recognised in respect of intangible assets	—	(32,362)	(12,211)	—	—
Impairment losses recognised in respect of goodwill	—	(8,713)	(1,434)	—	(296)
Net gain (loss) on disposal of property, plant and equipment	247	1,962	(9)	(9)	(1,395)
Net (loss) gain on disposal of right-of-use assets	(22)	60	242	242	—
Net foreign exchange gains (losses)	1,399	381	(2,200)	(1,733)	(438)
Others	2,333	(3,645)	(6,843)	76	81
	<u>65,652</u>	<u>(143,807)</u>	<u>(46,440)</u>	<u>(22,395)</u>	<u>(1,808)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

8. IMPAIRMENT LOSSES UNDER ECL, NET OF REVERSAL

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Impairment losses recognised, net of reversal, on:					
– Trade and other receivables at amortised cost	494	(1,956)	(1,681)	(2,574)	(2,811)
– Trade and bills receivables at FVTOCI	(350)	(3,501)	1,245	(2,685)	(1,461)
	<u>144</u>	<u>(5,457)</u>	<u>(436)</u>	<u>(5,259)</u>	<u>(4,272)</u>

Details of impairment assessment are set out in note 41.

9. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest expense on borrowings	(34,815)	(74,382)	(70,597)	(55,660)	(56,452)
Interest expense on lease liabilities	(4,152)	(3,488)	(2,813)	(2,170)	(1,852)
Total borrowing costs	(38,967)	(77,870)	(73,410)	(57,830)	(58,304)
Less: amounts capitalised in the cost of construction in progress	<u>1,590</u>	<u>7,854</u>	<u>5,568</u>	<u>5,568</u>	<u>–</u>
	<u>(37,377)</u>	<u>(70,016)</u>	<u>(67,842)</u>	<u>(52,262)</u>	<u>(58,304)</u>

10. INCOME TAX (EXPENSE) CREDIT

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax					
PRC EIT	(15,754)	(417)	(1,396)	(209)	(86)
(Under) over provision in prior years	<u>(1,361)</u>	<u>(589)</u>	<u>201</u>	<u>201</u>	<u>45</u>
	(17,115)	(1,006)	(1,195)	(8)	(41)
Deferred tax (note 23)	<u>5,994</u>	<u>10,936</u>	<u>14,555</u>	<u>8,165</u>	<u>10,434</u>
	<u>(11,121)</u>	<u>9,930</u>	<u>13,360</u>	<u>8,157</u>	<u>10,393</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (“PRC EIT”) and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of the Company and its PRC subsidiaries is 25% for the Track Record Period except for those are eligible for preferential taxation of paying EIT at a rate of 15% and 10% during the Track Record Period as detailed below.

- (i) The Law of PRC EIT allows enterprises to apply for certificate of “High and New Technology Enterprise” (“HNTE”), which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria.

The Company obtained the HNTE certificate in December 2020 and renewed in November 2023, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the Track Record Period.

Nsing Technology (Shenzhen) Inc. (國民科技(深圳)有限公司), a wholly-owned subsidiary, obtained the HNTE certificate in December 2020 and renewed in November 2023, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the Track Record Period.

Hubei Sinuo New Material Technology Co., Ltd. (湖北斯諾新材料科技有限公司), a non-wholly owned subsidiary, obtained the HNTE certificate in October 2023, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the year ended 31 December 2024 and the nine months ended 30 September 2025.

- (ii) Inner Mongolia Sinuo New Material Technologies Co., Ltd. (內蒙古斯諾新材料科技有限公司) (“Inner Mongolia Sinuo”), a non-wholly owned subsidiary, is engaged in the “Encouraged Industries in the Western Region” and eligible for the preferential EIT rate at 15% from 2021 to 2030.
- (iii) According to Guofa [2020] No. 8 and relevant tax regulations, the Company is qualified as an integrated circuit enterprise and entitled to enjoy a 5-year tax holiday (income tax full exemption for 5 years since the first profit-making year) and further enjoy the preferential EIT rate at 10% after the 5-year tax holiday.

The additional tax deduction of the qualified research and development expenses is 100% throughout the Track Record Period (“Super Deduction”).

APPENDIX I

ACCOUNTANTS’ REPORT

The income tax (expense) credit for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025 can be reconciled to the loss before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before taxation	(7,809)	(603,920)	(269,084)	(174,181)	(86,139)
Tax at the PRC EIT rate of 15% (note a)	1,171	90,588	40,363	26,127	12,921
Tax effect of expenses not deductible for tax purpose (note b)	(1,405)	(1,583)	(10,549)	(8,086)	(2,314)
Tax effect of Super Deduction	28,318	28,464	20,185	9,399	11,042
Effect of different tax rates of subsidiaries	(4,144)	(15,959)	(4,710)	(3,411)	(434)
Tax effect of tax losses and deductible temporary differences not recognised	(33,700)	(90,991)	(32,130)	(16,073)	(10,867)
(Under) over provision in respect of prior years . .	(1,361)	(589)	201	201	45
Total	(11,121)	9,930	13,360	8,157	10,393

Notes:

- (a) The PRC EIT in the jurisdiction where the operation of the Group is substantially based is used.
- (b) During the year ended 31 December 2024, expenses not deductible mainly included the remaining share-based payment expenses recognised upon cancellation of Share Incentive Scheme of Sinuo in 2024, which is not eligible for the tax deduction under the EIT Law.

APPENDIX I

ACCOUNTANTS’ REPORT

11. LOSS FOR THE YEAR/PERIOD

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss for the year/period has been arrived at after charging (crediting):					
Auditors’ remuneration . . .	1,150	1,000	950	713	750
Directors’ and supervisors’ remuneration (note 12)	19,372	5,896	12,598	11,155	4,145
Other staff’s salaries, allowance and other benefits	264,892	272,726	243,737	174,519	165,955
Other staff’s retirement benefit contributions . . .	18,797	18,684	17,103	12,317	13,140
Other staff’s share-based payments	126,030	2,836	56,793	56,793	–
Total staff costs	429,091	300,142	330,231	254,784	183,240
Less: capitalised in development expenditure included in intangible assets	(21,723)	(17,956)	(23,584)	(24,110)	(16,770)
capitalised in inventories	(42,172)	(49,377)	(49,424)	(37,609)	(47,056)
	<u>365,196</u>	<u>232,809</u>	<u>257,223</u>	<u>193,065</u>	<u>119,414</u>
Depreciation of property, plant and equipment . . .	51,677	62,082	57,841	46,573	73,622
Depreciation of right-of- use assets	15,714	15,795	11,986	9,291	8,918
Amortisation of intangible assets	51,827	59,759	46,845	35,069	33,406
Total depreciation and amortisation	119,218	137,636	116,672	90,933	115,946
Less: capitalised in development expenditure included in intangible assets	(4,234)	(3,790)	(14,806)	(8,732)	(9,814)
	<u>114,984</u>	<u>133,846</u>	<u>101,866</u>	<u>82,201</u>	<u>106,132</u>
Impairment losses, included in other gains and losses, in respect of:					
– property, plant and equipment	2	835	–	–	–
– intangible assets	–	32,362	12,211	–	–
– goodwill	–	8,713	1,434	–	296
	<u>–</u>	<u>41,910</u>	<u>13,645</u>	<u>–</u>	<u>296</u>
Lease income from investment properties . .	<u>7,569</u>	<u>9,394</u>	<u>6,809</u>	<u>6,773</u>	<u>5,239</u>
Write-down of inventories included in costs of sales	<u>17,715</u>	<u>123,431</u>	<u>52,999</u>	<u>5,101</u>	<u>4,910</u>
Cost of inventories (excluding write-down of inventories) recognised as an expense	<u>722,775</u>	<u>848,471</u>	<u>901,245</u>	<u>640,007</u>	<u>759,541</u>

APPENDIX I

ACCOUNTANTS’ REPORT

12. DIRECTORS’, SUPERVISORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

Details of the emoluments paid/payable to the individuals who were appointed as the directors, supervisors and the chief executive of the Company during the Track Record Period are as follow:

	Director's Fee	Salaries and allowance and other benefits	Performance related bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Year ended 31 December 2022</u>					
Executive directors					
Mr. Sun Yingtong (孫迎彤) (note i) . . .	–	2,544	960	43	3,547
Mr. Kan Yulun (闕玉倫) (note ii) . . .	–	1,200	500	43	1,743
Ms. Yu Li (俞鵬) (note iii)	–	165	–	–	165
	–	3,909	1,460	86	5,455
Independent non-executive directors					
Mr. Chen Weiwu (陳衛武) (note v) . . .	165	–	–	–	165
Ms. Hao Dan (郝丹) (note vi)	165	–	–	–	165
Mr. Shu Xiaobin (舒小斌) (note vii) . . .	165	–	–	–	165
Ms. Wang Wenruo (王文若) (note viii)	165	–	–	–	165
	660	–	–	–	660
Supervisors					
Mr. Wang Yuci (王渝次) (note x) . . .	–	165	–	–	165
Ms. Yang Zhihong (楊志紅) (note x) . . .	–	370	75	–	445
Ms. Lin Yuhua (林玉華) (note x) . . .	–	454	96	39	589
	–	989	171	39	1,199
	660	4,898	1,631	125	7,314
<u>Year ended 31 December 2023</u>					
Executive directors					
Mr. Sun Yingtong (孫迎彤) (note i) . . .	–	1,604	–	43	1,647
Mr. Kan Yulun (闕玉倫) (note ii) . . .	–	1,020	–	43	1,063
Ms. Yu Li (俞鵬) (note iii)	–	75	–	–	75
Ms. Ye Yantao (葉豔桃) (note xi) . . .	–	776	–	46	822
	–	3,475	–	132	3,607
Independent non-executive directors					
Mr. Chen Weiwu (陳衛武) (note v) . . .	180	–	–	–	180
Ms. Hao Dan (郝丹) (note vi)	180	–	–	–	180
Mr. Shu Xiaobin (舒小斌) (note vii) . . .	180	–	–	–	180
Ms. Wang Wenruo (王文若) (note viii)	180	–	–	–	180
	720	–	–	–	720
Supervisors					
Mr. Wang Yuci (王渝次) (note x) . . .	–	180	–	–	180
Ms. Yang Zhihong (楊志紅) (note x) . . .	–	372	23	–	395
Ms. Lin Yuhua (林玉華) (note x) . . .	–	427	30	41	498
	–	979	53	41	1,073
	720	4,454	53	173	5,400
<u>Year ended 31 December 2024</u>					
Executive directors					
Mr. Sun Yingtong (孫迎彤) (note i) . . .	–	1,750	–	46	1,796
Mr. Kan Yulun (闕玉倫) (note ii) . . .	–	960	80	46	1,086
Ms. Ye Yantao (葉豔桃) (note xi) . . .	–	716	60	48	824
	–	3,426	140	140	3,706

APPENDIX I

ACCOUNTANTS’ REPORT

	Director's Fee	Salaries and allowance and other benefits	Performance related bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-executive director					
Mr. Zhou Bin (周斌) (<i>note iv</i>)	120	—	—	—	120
Independent non-executive directors					
Mr. Chen Weiwu (陳衛武) (<i>note v</i>)	180	—	—	—	180
Ms. Hao Dan (郝丹) (<i>note vi</i>)	180	—	—	—	180
Mr. Shu Xiaobin (舒小斌) (<i>note vii</i>)	75	—	—	—	75
Ms. Ji Xingdan (吉杏丹) (<i>note ix</i>)	120	—	—	—	120
	555	—	—	—	555
Supervisors					
Mr. Wang Yuci (王渝次) (<i>note x</i>)	—	180	—	—	180
Ms. Yang Zhihong (楊志紅) (<i>note x</i>)	—	372	23	—	395
Ms. Lin Yuhua (林玉華) (<i>note x</i>)	—	384	24	39	447
	—	936	47	39	1,022
	675	4,362	187	179	5,403
Nine months ended 30 September 2025					
Executive directors					
Mr. Sun Yingtong (孫迎彤) (<i>note i</i>)	—	1,350	—	40	1,390
Mr. Kan Yulun (闕玉倫) (<i>note ii</i>)	—	720	160	40	920
Ms. Ye Yantao (葉豔桃) (<i>note xi</i>)	—	537	180	42	759
	—	2,607	340	122	3,069
Non-executive director					
Mr. Zhou Bin (周斌) (<i>note iv</i>)	135	—	—	—	135
Independent non-executive directors					
Mr. Chen Weiwu (陳衛武) (<i>note v</i>)	135	—	—	—	135
Ms. Hao Dan (郝丹) (<i>note vi</i>)	135	—	—	—	135
Ms. Ji Xingdan (吉杏丹) (<i>note ix</i>)	135	—	—	—	135
	405	—	—	—	405
Supervisors					
Mr. Wang Yuci (王渝次) (<i>note x</i>)	—	90	—	—	90
Ms. Yang Zhihong (楊志紅) (<i>note x</i>)	—	182	23	—	205
Ms. Lin Yuhua (林玉華) (<i>note x</i>)	—	186	24	31	241
	—	458	47	31	536
	540	3,065	387	153	4,145
Nine months ended 30 September 2024 (Unaudited)					
Executive directors					
Mr. Sun Yingtong (孫迎彤) (<i>note i</i>)	—	1,350	—	35	1,385
Mr. Kan Yulun (闕玉倫) (<i>note ii</i>)	—	720	—	35	755
Ms. Ye Yantao (葉豔桃) (<i>note xi</i>)	—	537	—	36	573
	—	2,607	—	106	2,713
Non-executive director					
Mr. Zhou Bin (周斌) (<i>note iv</i>)	75	—	—	—	75
Independent non-executive directors					
Mr. Chen Weiwu (陳衛武) (<i>note v</i>)	135	—	—	—	135
Ms. Hao Dan (郝丹) (<i>note vi</i>)	135	—	—	—	135
Mr. Shu Xiaobin (舒小斌) (<i>note vii</i>)	75	—	—	—	75
Ms. Ji Xingdan (吉杏丹) (<i>note ix</i>)	75	—	—	—	75
	420	—	—	—	420

APPENDIX I

ACCOUNTANTS’ REPORT

	Director's Fee	Salaries and allowance and other benefits	Performance related bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors					
Mr. Wang Yuci (王渝次) (note x) . . .	–	135	–	–	135
Ms. Yang Zhihong (楊志紅) (note x) .	–	252	35	–	287
Ms. Lin Yuhua (林玉華) (note x) . . .	–	261	36	33	330
	–	648	71	33	752
	495	3,255	71	139	3,960

Notes:

- (i) Mr. Sun Yingtong acts as the chairman and chief executive of the Company throughout the Track Record Period and his emoluments disclosed above included those for services rendered by him as the chief executive in management of the affairs of the group entities.
- (ii) Mr. Kan Yulun served as the Group’s chief financial officer and executive director throughout the Track Record Period.
- (iii) Ms. Yu Li resigned on 13 April 2023.
- (iv) Mr. Zhou Bin was appointed as a non-executive director since 16 May 2024.
- (v) Mr. Chen Weiwu was served as a non-executive director throughout the Track Record Period and designated as an independent non-executive director on 16 June 2025.
- (vi) Ms. Hao Dan was served as a non-executive director throughout the Track Record Period and designated as an independent non-executive director on 16 June 2025.
- (vii) Mr. Shu Xiaobin resigned on 16 May 2024.
- (viii) Ms. Wang Wenruo resigned on 14 December 2023.
- (ix) Ms. Ji Xingdan was appointed as a non-executive director since 16 May 2024 and designated as an independent non-executive director on 16 June 2025.
- (x) Mr. Wang Yuci, Ms. Yang Zhihong and Ms. Lin Yuhua act as the supervisors of the Company throughout the Track Record Period.
- (xi) Ms. Ye Yantao was appointed as an executive director since 10 May 2023.

The discretionary bonus is determined based on the performance of individual and market trend during the Track Record Period.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors’ emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

Pursuant to the Share Incentive Schemes of the Company and Sinuo, certain executive directors, independent non-executive directors and supervisors were granted shares incentives. During the nine months ended 30 September 2024, the Share Incentive Scheme of Sinuo was cancelled and no replacement compensation arrangement was implemented, as details in note 39.

For the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the share-based payments recognised by the Group in relation to the eligible executive directors, independent non-executive directors and supervisors were RMB12,058,000, RMB496,000, RMB7,195,000, RMB7,195,000 (unaudited) and nil, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Five highest paid employees

The five highest paid individuals of the Group include 2 directors for the years ended 31 December 2022, 2023 and 2024 and 3 directors for the nine months ended 30 September 2024 (unaudited) and 2025, respectively. The remunerations of the remaining individuals for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 (unaudited) and 2025 are set out below:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and allowance and other benefits (including retirement benefit contribution)	5,748	3,687	3,345	1,593	1,718
Share-based payments . . .	4,617	(212)	494	247	–
Total	<u>10,365</u>	<u>3,475</u>	<u>3,839</u>	<u>1,840</u>	<u>1,718</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
Nil to HK\$1,000,000	–	1	–	2	2
HK\$1,000,001 to HK\$1,500,000	–	2	3	–	–
HK\$3,000,001 to HK\$3,500,000	1	–	–	–	–
HK\$4,000,001 to HK\$4,500,000	2	–	–	–	–
	<u>2</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

During the Track Record Period, no emoluments were paid by the Group or any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no directors waived any emoluments during the Track Record Period.

During the Track Record Period, certain non-director and non-chief executive highest paid employees were granted incentives, in respect of their services to the Group under the Share Incentive Scheme of the Company and the Share Incentive Scheme of Sinuo, as details in note 39.

13. DIVIDENDS

During the Track Record Period, no dividend was paid or proposed for ordinary shareholders of the Company, nor has any dividend been proposed since the end of the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

14. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company during the Track Record Period are based on the following data.

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
<u>Loss (RMB’000)</u>					
Loss attributable to the owners of the Company for the purpose of calculation of					
– basic loss per share . . .	(32,485)	(571,524)	(235,342)	(149,354)	(73,740)
– diluted loss per share . .	<u>(32,485)</u>	<u>(571,524)</u>	<u>(235,342)</u>	<u>(149,354)</u>	<u>N/A</u>
<u>Number of shares (’000)</u>					
Weighted average number of ordinary shares for the purposes of					
– basic loss per share . . .	560,953	574,363	583,127	583,127	583,127
– diluted loss per share . .	<u>560,953</u>	<u>574,363</u>	<u>583,127</u>	<u>583,127</u>	<u>N/A</u>

For the years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2024 (unaudited), the computation of diluted loss per share does not assume vesting of Share Incentive Scheme of the Company (as detailed in note 39) nor the exercise of the Share Incentive Scheme of Sinuo (as detailed in note 39) since their vesting/exercise would result in a decrease in loss per share.

For the nine months ended 30 September 2025, no diluted loss per share is presented as there is no potential ordinary shares in issue during the nine months ended 30 September 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Vehicles	Leasehold improvement and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2022	285,406	270,676	16,746	10,395	45,259	628,482
Additions	2,050	15,248	2,885	15,372	103,147	138,702
Transfer from construction in progress	1,206	78,452	–	–	(79,658)	–
Transfer from investment properties (note 17)	131,266	–	–	–	–	131,266
Transfer to investment properties (note 17).	(7,520)	–	–	–	–	(7,520)
Disposals/written-off	–	(7,748)	(1,273)	–	–	(9,021)
At 31 December 2022	412,408	356,628	18,358	25,767	68,748	881,909
Additions	–	5,557	247	2,463	429,120	437,387
Transfer from construction in progress	–	17,566	–	–	(17,566)	–
Disposals/written-off	(3,197)	(701)	(13)	–	–	(3,911)
At 31 December 2023	409,211	379,050	18,592	28,230	480,302	1,315,385
Additions	–	2,023	599	907	267,385	270,914
Transfer from construction in progress	319,372	335,422	1,995	–	(656,789)	–
Disposals/written-off	–	(700)	(837)	–	–	(1,537)
At 31 December 2024	728,583	715,795	20,349	29,137	90,898	1,584,762
Additions	–	9,296	82	20,633	24,046	54,057
Transfer from construction in progress	–	36,603	–	–	(36,603)	–
Disposals/written-off	–	(8,172)	(506)	–	–	(8,678)
At 30 September 2025	728,583	753,522	19,925	49,770	78,341	1,630,141
DEPRECIATION						
At 1 January 2022	34,036	99,648	10,343	–	–	144,027
Provided for the year	14,481	30,520	1,844	4,832	–	51,677
Transfer to investment properties (note 17).	(3,064)	–	–	–	–	(3,064)
Eliminated on disposals	–	(2,336)	(383)	–	–	(2,719)
At 31 December 2022	45,453	127,832	11,804	4,832	–	189,921
Provided for the year	16,221	36,276	1,894	7,691	–	62,082
Eliminated on disposals	(987)	(673)	(11)	–	–	(1,671)
At 31 December 2023	60,687	163,435	13,687	12,523	–	250,332
Provided for the year	16,555	32,053	1,969	7,264	–	57,841
Eliminated on disposals	–	(481)	(795)	–	–	(1,276)
At 31 December 2024	77,242	195,007	14,861	19,787	–	306,897
Provided for the period	19,403	48,117	1,787	4,315	–	73,622
Eliminated on disposals/written-off	–	(3,443)	(481)	–	–	(3,924)
At 30 September 2025	96,645	239,681	16,167	24,102	–	376,595
IMPAIRMENT						
At 1 January 2022	309	5,048	286	–	–	5,643
Provided for the year	–	2	–	–	–	2
Transfer to investment properties	(309)	–	–	–	–	(309)
Disposals	–	–	(140)	–	–	(140)
At 31 December 2022	–	5,050	146	–	–	5,196
Provided for the year	–	835	–	–	–	835
Disposals	–	(11)	(1)	–	–	(12)
At 31 December 2023 and 2024	–	5,874	145	–	–	6,019
Disposal	–	(3,080)	–	–	–	(3,080)
At 30 September 2025	–	2,794	145	–	–	2,939

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Plant and machinery	Vehicles	Leasehold improvement and others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CARRYING VALUES						
At 31 December 2022	366,955	223,746	6,408	20,935	68,748	686,792
At 31 December 2023	348,524	209,741	4,760	15,707	480,302	1,059,034
At 31 December 2024	651,341	514,914	5,343	9,350	90,898	1,271,846
At 30 September 2025	631,938	511,047	3,613	25,668	78,341	1,250,607

As at 31 December 2024 and 30 September 2025, the Group has obtained the property certificates for buildings held except for buildings with carrying amount of RMB301,125,000 and RMB294,529,000, respectively, in which the Group is in the process of obtaining.

Impairment assessment

During the reorganisation of the production line for manufacturing lithium-ion battery anode material products in 2023, certain plant and machinery, with carrying amount of RMB835,000, have indication for impairment. Therefore, the director of the Company conducted impairment assessment on the related plant and machinery. Based on the result of the impairment assessment, management determined that the recoverable amount is lower than the carrying amount and an impairment loss of RMB835,000 is recognised during the year ended 31 December 2023.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Buildings	Plant and machinery	Vehicles	Leasehold improvement and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2022	252,118	71,949	14,422	7,140	23,612	369,241
Additions	–	6,144	795	13,283	2,701	22,923
Transfer from construction in progress	–	25,550	–	–	(25,550)	–
Transfer from investment properties	131,266	–	–	–	–	131,266
Disposals/written-off	–	(922)	(1,036)	–	–	(1,958)
At 31 December 2022	383,384	102,721	14,181	20,423	763	521,472
Additions	–	2,689	–	305	–	2,994
Transfer from construction in progress	–	763	–	–	(763)	–
Disposals/written-off	–	(420)	–	–	–	(420)
At 31 December 2023	383,384	105,753	14,181	20,728	–	524,046
Additions	–	829	519	445	–	1,793
Disposals/written-off	–	(98)	(735)	–	–	(833)
At 31 December 2024	383,384	106,484	13,965	21,173	–	525,006
Additions	–	7,689	–	–	–	7,689
Disposals/written-off	–	–	(506)	–	–	(506)
At 30 September 2025	383,384	114,173	13,459	21,173	–	532,189
DEPRECIATION						
At 1 January 2022	28,303	56,354	9,600	–	–	94,257
Provided for the year	12,621	9,660	1,229	2,912	–	26,422
Eliminated on disposals/written-off	–	(922)	(287)	–	–	(1,209)
At 31 December 2022	40,924	65,092	10,542	2,912	–	119,470
Provided for the year	14,423	11,347	1,017	5,336	–	32,123
Eliminated on disposals/written-off	–	(419)	–	–	–	(419)
At 31 December 2023	55,347	76,020	11,559	8,248	–	151,174
Provided for the year	14,422	9,137	1,075	4,995	–	29,629
Eliminated on disposals/written-off	–	(97)	(698)	–	–	(795)
At 31 December 2024	69,769	85,060	11,936	13,243	–	180,008
Provided for the period	10,817	4,671	773	2,186	–	18,447
Eliminated on disposals/written-off	–	–	(481)	–	–	(481)
At 30 September 2025	80,586	89,731	12,228	15,429	–	197,974
CARRYING VALUES						
At 31 December 2022	342,460	37,629	3,639	17,511	763	402,002
At 31 December 2023	328,037	29,733	2,622	12,480	–	372,872
At 31 December 2024	313,615	21,424	2,029	7,930	–	344,998
At 30 September 2025	302,798	24,442	1,231	5,744	–	334,215

The above items of property, plant and equipment of the Group and the Company, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives or, in the case of leasehold improvements, as follows:

Buildings	20 to 30 years
Plant and machinery	3 to 10 years
Vehicles	4 to 8 years
Leasehold improvements and others	Shorter of their useful lives and the lease terms

At 31 December 2022, 2023 and 2024 and 30 September 2025, certain property, plant and equipment have been pledged to secure the banking and other facilities, details are set out in note 45.

APPENDIX I

ACCOUNTANTS’ REPORT

16. RIGHT-OF-USE ASSETS

	The Group			The Company		
	Leasehold land	Leased properties	Total	Leasehold land	Leased properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>CARRYING VALUES</u>						
At 31 December 2022	67,433	54,429	121,862	18,171	13,545	31,716
At 31 December 2023	60,667	42,209	102,876	17,456	10,395	27,851
At 31 December 2024	57,716	34,989	92,705	16,638	8,554	25,192
At 30 September 2025	56,422	31,303	87,725	16,025	5,137	21,162

	The Group					The Company				
	Year ended 31 December			Nine months ended 30 September		Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)					(Unaudited)	
Additions to right-of-use assets.	52,470	4,041	4,947	4,947	4,028	6,658	4,441	5,336	5,564	191
Depreciation charge	15,714	15,795	11,986	9,291	8,918	8,863	8,198	6,153	4,771	4,131
Expenses relating to short-term leases and leases of low-value assets.	2,612	2,161	1,651	984	2,381	525	301	638	345	512
Total cash outflow for leases	61,964	19,681	16,487	12,525	12,202	9,307	7,676	8,494	7,102	4,829

The Group leases pieces of land and properties for its operations during the Track Record Period. Lease contracts of properties are entered into for fixed term of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of 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.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group has obtained the land use right certificates for all leasehold lands as at 31 December 2022, 2023 and 2024 and 30 September 2025.

At 31 December 2022, 2023 and 2024 and 30 September 2025, certain leasehold land have been pledged to secure the banking and other facilities granted to the Group, details are set out in note 45.

The Group regularly entered into short-term leases for office and carparks. As at 31 December 2022, 2023 and 2024 and 30 September 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.

In addition, the lease liabilities of the Group of RMB56,130,000, RMB46,136,000, RMB39,060,000 and RMB35,119,000 are recognised with the related right-of-use assets of the Group of RMB54,429,000, RMB42,209,000, RMB34,989,000 and RMB31,303,000 as at 31 December 2022, 2023 and 2024 and 30 September 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. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in note 33.

APPENDIX I

ACCOUNTANTS’ REPORT

17. INVESTMENT PROPERTIES

The Group leases out office building and industrial properties under operating leases. The leases typically run for an initial period of 1 to 12 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee’s option to purchase the property at the end of lease term.

	The Group	The Company
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022.	372,949	402,702
Transfer from property, plant and equipment (<i>note 15</i>)	11,317	–
Transfer to property, plant and equipment (<i>note 15</i>)	(131,266)	(131,266)
Changes in fair value	(953)	(2,627)
At 31 December 2022	252,047	268,809
Changes in fair value	(30,869)	(32,291)
At 31 December 2023	221,178	236,518
Changes in fair value	(11,743)	(10,956)
At 31 December 2024	209,435	225,562
Changes in fair value	(3,335)	(2,970)
At 30 September 2025	206,100	222,592

During the year ended 31 December 2022, certain office building with an aggregate carrying amount of RMB4,147,000 and the related leasehold land portion with aggregate carrying amount of RMB250,000 were transferred to investment properties upon change in use as evidenced by signing of relevant tenancy agreements. The excess of the fair value of these properties at the date of transfer over their carrying amounts, amounting to RMB6,920,000 were recognised as other comprehensive income in the consolidated statements of profit or loss and other comprehensive income.

The fair value of the Group’s and the Company’s investment properties as at 31 December 2022, 2023 and 2024 and 30 September 2025 has been arrived at on the basis of a valuation carried out on the respective dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL Appraisal”), an independent qualified professional valuers not connected to the Group. The address of JLL Appraisal is on 7/F, One Taikoo Place, 979 King’s Road, Hong Kong.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

Investment properties	Fair value		Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/unobservable inputs	Range	Sensitivity
	the Group	the Company						
	<i>RMB’000</i>	<i>RMB’000</i>						
<i>As at 31 December 2022</i>								
Office building and industrial properties	252,047	268,809	Shenzhen	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	Monthly reversionary rent	RMB156 per sq.m – RMB200 per sq.m	A significant increase/decrease in monthly reversionary rent would result in significant increase/decrease in fair value.

APPENDIX I

ACCOUNTANTS’ REPORT

Investment properties	Fair value		Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/unobservable inputs	Range	Sensitivity
	the Group	the Company						
	RMB'000	RMB'000						
						Term yield	4.00% – 4.25%	A significant increase/decrease in term yield would result in significant decrease/increase in fair value.
						Reversionary yield	4.50% – 4.75%	A significant increase/decrease in reversionary yield would result in significant decrease/increase in fair value.
<i>As at 31 December 2023</i>								
Office building and industrial properties . .	221,178	236,518	Shenzhen	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	Monthly reversionary rent	RMB134 per sq.m – RMB200 per sq.m	A significant increase/decrease in monthly reversionary rent would result in significant increase/decrease in fair value.
						Term yield	4.00% – 4.25%	A significant increase/decrease in term yield would result in significant decrease/increase in fair value.
						Reversionary yield	4.50% – 4.75%	A significant increase/decrease in reversionary yield would result in significant decrease/increase in fair value.

APPENDIX I

ACCOUNTANTS’ REPORT

Investment properties	Fair value		Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/unobservable inputs	Range	Sensitivity
	the Group	the Company						
	RMB'000	RMB'000						
As at 31 December 2024								
Office building and industrial properties . .	209,435	225,562	Shenzhen	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	Monthly reversionary rent	RMB128 per sq.m – RMB180 per sq.m	A significant increase/decrease in monthly reversionary rent would result in significant increase/decrease in fair value.
						Term yield	4.00% – 4.25%	A significant increase/decrease in term yield would result in significant decrease/increase in fair value.
						Reversionary yield	4.50% – 4.75%	A significant increase/decrease in reversionary yield would result in significant decrease/increase in fair value.
As at 30 September 2025								
Office building and industrial properties . .	206,100	222,592	Shenzhen	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	Monthly reversionary rent	RMB128 per sq.m – RMB180 per sq.m	A significant increase/decrease in monthly reversionary rent would result in significant increase/decrease in fair value.
						Term yield	4.00% – 4.25%	A significant increase/decrease in term yield would result in significant decrease/increase in fair value.
						Reversionary yield	4.50% – 4.75%	A significant increase/decrease in reversionary yield would result in significant decrease/increase in fair value.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2022, 2023 and 2024 and 30 September 2025, certain investment properties have been pledged to secure banking facilities granted to the Group, details are set out in note 45.

18. INVESTMENT IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of investments	1,529,521	1,520,884	1,574,561	1,633,134
Less: accumulated impairment of investment	(813,508)	(800,188)	(800,188)	(976,956)
	<u>716,013</u>	<u>720,696</u>	<u>774,373</u>	<u>656,178</u>

During the nine months ended 30 September 2025, an impairment was recognised in relation 國民科技(深圳)有限公司 (Nsing Technology (Shenzhen) Co., Ltd.) (“Nsing Technology Shenzhen”), a subsidiary of the Company. Nsing Technology Shenzhen held 4.5% equity interest in Dongguan Langtaitong Technology Co. Ltd. (東莞市朗泰通科技股份有限公司) (“Dongguan Langtaitong”), which engages in the development, manufacturing and sales of new energy materials. Dongguan Langtaitong was undergoing the listing process of A-share market, until May 2025 when the listing process was terminated, the management considered that expected return on Donguan Langtaitong would not be realised and impairment indicator exists. An impairment assessment on the investment in Nsing Technology Shenzhen is conducted.

The recoverable amount of the investment in Nsing Technology Shenzhen is determined based on value-in-use calculation conducted by JLL Appraisal, an independent valuer. This calculation uses cash flow projections primarily based on the respective financial budgets, including the growth rates in revenue, the pre-tax discount rates, estimated revenue, estimated gross profit, estimated operating expenses. Based on the result of the assessment, management determined that the recoverable amount of the investment in Nsing Technology Shenzhen is lower than the carrying amount and an impairment loss of RMB176,768,000 is recognised during the nine months ended 30 September 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

19. GOODWILL

The Group

RMB'000

COST

At 1 January 2022, 31 December 2022, 2023 and 2024 and 30 September 2025 1,098,958

IMPAIRMENT

At 1 January 2022 and 31 December 2022 1,058,164

Provided for the year 8,713

At 31 December 2023 1,066,877

Provided for the year 1,434

At 31 December 2024 1,068,311

Provided for the period 296

At 30 September 2025 1,068,607

CARRYING VALUES

At 31 December 2022 40,794

At 31 December 2023 32,081

At 31 December 2024 30,647

At 30 September 2025 30,351

Details of impairment assessment of goodwill are set out in note 20.

20. IMPAIRMENT ASSESSMENT ON GOODWILL

The CGUs represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Inner Mongolia Sinuo	37,063	28,764	28,764	28,764
深圳市斯諾實業發展有限公司				
Shenzhen Sinuo Industrial				
Development Co., Ltd.				
(“Shenzhen Sinuo”)	3,731	3,317	1,883	1,587
	<u>40,794</u>	<u>32,081</u>	<u>30,647</u>	<u>30,351</u>

In addition to goodwill above, property, plant and equipment, right-of-use assets and intangible assets that generate cash flows together with the related goodwill are also included in the CGU for the purpose of impairment assessment.

Inner Mongolia Sinuo

The recoverable amount of the CGU of Inner Mongolia Sinuo is determined based on value-in-use calculations. These calculations use cash flow projections primarily based on the respective financial budgets of the CGU covering a five-year period estimated, including the growth rates in revenue, the pre-tax discount rates, estimated revenue, estimated gross profit, estimated operating expenses, approved by management.

The discount rates reflect specific risks relating to the CGU. The growth rates have been based on past experience and management’s expectation of market development.

APPENDIX I

ACCOUNTANTS’ REPORT

The following table sets out the key assumption on which management has based on in its cash flow projections for the purpose of impairment testing of goodwill arising on acquisitions at 31 December 2022, 2023 and 2024 and 30 September 2025:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
Inner Mongolia Sinuo				
– Pre-tax discount rate	14.87%	13.29%	11.76%	13.09%
– Long-term growth rate	0%	0%	0%	0%

The impairment assessment is evaluated by 中和資產評估有限公司 (Zhonghe Asset Appraisal Co., Ltd.) (“Zhonghe Appraisal”), an independent valuer in the PRC who holds relevant professional qualification and has recent experience in carrying out the valuations. The address of Zhonghe Appraisal is 13/F, Building A, Fuhua Mansion, 8 Chaoyangmen North Street, Dongcheng District, Beijing, the PRC.

Based on the results of the impairment assessment, the Group determines that except for the impairment loss amounting to RMB8,299,000 was recognised during the year ended 31 December 2023, no impairment on goodwill was recognised during the years ended 31 December 2022 and 2024 and the nine months ended 30 September 2024 (unaudited) and 2025. At 31 December 2022, the recoverable amount of Inner Mongolia Sinuo exceeds its carrying amount significantly by RMB302,225,000. If the pre-tax discount rate is increased by 9.67%, or the long-term growth rate is decreased by 25.07%, at 31 December 2022, while other parameters remain constant, the headrooms will be removed. The directors of the Company believed that any reasonably possible change in any of these assumptions would not result in impairment.

At 31 December 2024 and 30 September 2025, the recoverable amounts of Inner Mongolio Sinuo is marginally above its carrying amounts by RMB16,659,000 and RMB10,399,000, respectively. If the pre-tax discount rate is increased by 0.46% and 0.29%, or the long-term growth rate is decreased by 0.67% and 0.44%, respectively, at 31 December 2024 and 30 September 2025, while other parameters remain constant, the headrooms will be removed.

Shenzhen Sinuo

Along with the relocation of the production line for manufacturing lithium-ion battery anode material products, the operation of Shenzhen Sinuo had been downsizing since 2021. During the year ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025, the finance performance of Shenzhen Sinuo has been declining.

The recoverable amount of the CGU of Shenzhen Sinuo has been determined based on its fair value less cost of disposal and evaluated by Zhonghe Appraisal. Based on the results of the impairment assessment evaluated by Zhonghe Appraisal, except for the recoverable amount of Shenzhen Sinuo exceeds its carrying amount by RMB631,000 as at 31 December 2022, the carrying amount of Shenzhen Sinuo exceeds the recoverable amount, as at 31 December 2023 and 2024 and 30 September 2025, therefore, impairment loss of RMB414,000, RMB1,434,000 and RMB296,000 were recognised for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

21. INTANGIBLE ASSETS

The Group

	Patent	Trademark	Software and others	Development expenditure	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<u>COST</u>					
At 1 January 2022	141,027	24,567	276,067	52,884	494,545
Additions	60	–	47,440	56,176	103,676
Transfer	–	–	28,464	(28,464)	–
Disposals/written-off	–	–	(8)	–	(8)
At 31 December 2022	141,087	24,567	351,963	80,596	598,213
Additions	–	–	12,029	43,536	55,565
Transfer	–	–	40,740	(40,740)	–
Disposals/written-off	–	–	(545)	–	(545)
At 31 December 2023	141,087	24,567	404,187	83,392	653,233
Additions	–	–	2,938	88,074	91,012
Transfer	–	–	20,643	(20,643)	–
Disposals/written-off	(131)	–	(10,783)	–	(10,914)
At 31 December 2024	140,956	24,567	416,985	150,823	733,331
Additions	–	–	10,042	43,899	53,941
Transfer	–	–	31,064	(31,064)	–
At 30 September 2025	140,956	24,567	458,091	163,658	787,272
<u>AMORTISATION</u>					
At 1 January 2022	56,302	6,150	150,570	–	213,022
Provided for the year	1,118	969	49,740	–	51,827
Eliminated on disposals/ written-off	–	–	(8)	–	(8)
At 31 December 2022	57,420	7,119	200,302	–	264,841
Provided for the year	1,122	968	57,669	–	59,759
Eliminated on disposals/ written-off	–	–	(116)	–	(116)
At 31 December 2023	58,542	8,087	257,855	–	324,484
Provided for the year	2,048	968	43,829	–	46,845
Eliminated on disposals/ written-off	(131)	–	(10,783)	–	(10,914)
At 31 December 2024	60,459	9,055	290,901	–	360,415
Provided for the period	842	728	31,836	–	33,406
At 30 September 2025	61,301	9,783	322,737	–	393,821
<u>IMPAIRMENT</u>					
At 1 January 2022 and 31 December 2022	79,164	13,252	27,446	–	119,862
Provided for the year	–	–	11,877	20,485	32,362
Eliminated on disposals/ written-off	–	–	(429)	–	(429)
At 31 December 2023	79,164	13,252	38,894	20,485	151,795
Provided for the year	–	–	–	12,211	12,211
Transfer	–	–	14,322	(14,322)	–
At 31 December 2024 and 30 September 2025	79,164	13,252	53,216	18,374	164,006

APPENDIX I

ACCOUNTANTS’ REPORT

	Patent	Trademark	Software and others	Development expenditure	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CARRYING VALUES					
At 31 December 2022 . . .	4,503	4,196	124,215	80,596	213,510
At 31 December 2023 . . .	3,381	3,228	107,438	62,907	176,954
At 31 December 2024 . . .	1,333	2,260	72,868	132,449	208,910
At 30 September 2025 . . .	491	1,532	82,138	145,284	229,445

The Company

	Patent	Software and others	Development expenditure	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST				
At 1 January 2022.	1,456	267,721	52,884	322,061
Additions	–	47,422	52,072	99,494
Transfer	–	28,389	(28,389)	–
Disposals/written-off	–	(8)	–	(8)
At 31 December 2022	1,456	343,524	76,567	421,547
Additions	–	12,029	43,030	55,059
Transfer	–	36,295	(36,295)	–
At 31 December 2023	1,456	391,848	83,302	476,606
Additions	–	2,938	47,168	50,106
Transfer	–	20,643	(20,643)	–
Disposals/written-off	(131)	(10,783)	–	(10,914)
At 31 December 2024	1,325	404,646	109,827	515,798
Additions	–	10,040	33,223	43,263
Transfer	–	31,064	(31,064)	–
At 30 September 2025	1,325	445,750	111,986	559,061
AMORTISATION				
At 1 January 2022.	1,456	140,333	–	141,789
Provided for the year	–	50,947	–	50,947
Eliminated on disposals/written-off	–	(8)	–	(8)
At 31 December 2022	1,456	191,272	–	192,728
Provided for the year	–	58,240	–	58,240
At 31 December 2023	1,456	249,512	–	250,968
Provided for the year	–	43,845	–	43,845
Eliminated on disposals/written-off	(131)	(10,783)	–	(10,914)
At 31 December 2024	1,325	282,574	–	283,899
Provided for the period.	–	24,697	–	24,697
At 30 September 2025	1,325	307,271	–	308,596

APPENDIX I

ACCOUNTANTS’ REPORT

	Patent	Software and others	Development expenditure	Total
	RMB'000	RMB'000	RMB'000	RMB'000
IMPAIRMENT				
At 1 January 2022 and 31 December 2022	–	27,016	–	27,016
Provided for the year	–	11,877	20,485	32,362
At 31 December 2023	–	38,893	20,485	59,378
Provided for the year	–	–	12,211	12,211
Transfer	–	14,322	(14,322)	–
At 31 December 2024 and 30 September 2025	–	53,215	18,374	71,589
CARRYING VALUES				
At 31 December 2022	–	125,236	76,567	201,803
At 31 December 2023	–	103,443	62,817	166,260
At 31 December 2024	–	68,857	91,453	160,310
At 30 September 2025	–	85,264	93,612	178,876

Development costs and certain software are internally generated. All other the Group’s intangible assets were acquired from third parties.

The above intangible assets, except for development expenditure which have finite useful lives, are amortised on a straight-line basis over the following periods:

Patent	3 to 20 years
Trademark	3 to 10 years
Software and others	3 to 10 years

Impairment assessment

The directors of the Company conducted impairment assessment on certain software and development expenditure, which have indication for impairment due to the decline in market demand and intense price competition for the relevant chip products in relation to the software under development since 2023, with carrying amounts of RMB47,057,000, RMB12,211,000 and RMB42,201,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively. The recoverable amounts of the aforesaid intangible assets have been determined based on fair value less cost of disposal. The fair value less cost of disposal is estimated using the relief-from-royalty method which assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the relevant asset. The key assumption involved in the valuation includes the royalty rate of 15.00% as at 31 December 2023 and 2024 and 30 September 2025. Based on the assessment of the directors of the Company, the impairment loss of RMB32,362,000, RMB12,211,000 and nil, respectively, have been recognised in other gains and losses during the years ended 31 December 2023 and 2024 and nine months ended 30 September 2025.

At 30 September 2025, the recoverable amounts of the software and development expenditure, which have indication for impairment is marginally above its carrying amounts by RMB3,512,000. If the royalty rate of 15.00% is decreased by 1.17% at 30 September 2025, while other parameters remain constant, the headrooms will be removed.

APPENDIX I

ACCOUNTANTS’ REPORT

22. EQUITY INSTRUMENTS AT FVTOCI

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments . . .	69,718	69,584	69,603	68,591	3,841	3,707	3,726	3,739

The above unlisted equity investments represent the Group’s equity interests in certain private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Included in the equity instruments at FVTOCI of the Group, there are investments in Dongguan Langtaitong amounting to RMB65,877,000, RMB65,877,000, RMB65,877,000 and RMB64,852,000, as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.

The fair value of Dongguan Langtaitong as at 31 December 2022, 2023 and 2024 and 30 September 2025 has been arrived at on the basis of a valuation carried out on the respective dates by 中聯資產評估集團山東有限公司 (China United Assets Appraisal Shandong Co., Ltd.), an independent qualified professional valuers not connected to the Group. The address of China United Assets Appraisal Group Co., Ltd. is on No. 260 Daming Lake Road, Lixia District, Jinan City, Shandong Province, the PRC.

23. DEFERRED TAX

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets . . .	69,722	67,957	77,457	87,319	55,701	30,485	29,995	29,609
Deferred tax liabilities .	(39,543)	(26,971)	(23,141)	(22,569)	(33,336)	(22,209)	(19,279)	(18,879)
	30,179	40,986	54,316	64,750	22,365	8,276	10,716	10,730

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the analysis of the Group’s deferred tax balances for financial reporting purposes:

	Tax losses	Impairment provision	Share-based payments	Fair value changes	Right-of-use assets	Lease liabilities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	11,893	33,124	19,549	(29,040)	(7,760)	7,985	471	36,222
Credit (charge) to profit or loss	2,032	488	5,863	(3,031)	288	(176)	530	5,994
Debited to share-based payment reserve	—	—	(12,037)	—	—	—	—	(12,037)
At 31 December 2022	13,925	33,612	13,375	(32,071)	(7,472)	7,809	1,001	30,179
Credit (charge) to profit or loss	17,732	(7,074)	(10,193)	10,836	1,736	(1,539)	(562)	10,936
Debited to share-based payment reserve	—	—	(129)	—	—	—	—	(129)
At 31 December 2023	31,657	26,538	3,053	(21,235)	(5,736)	6,270	439	40,986
Credit (charge) to profit or loss	13,174	(2,238)	(3,053)	4,139	916	(884)	2,501	14,555
Charge to other comprehensive income	—	—	—	(1,225)	—	—	—	(1,225)
At 31 December 2024	44,831	24,300	—	(18,321)	(4,820)	5,386	2,940	54,316
Credit (charge) to profit or loss	8,551	685	—	670	(94)	200	422	10,434
At 30 September 2025	53,382	24,985	—	(17,651)	(4,914)	5,586	3,362	64,750

The following is the analysis of the Company’s deferred tax balances for financial reporting purposes:

	Tax losses	Impairment provision	Share-based payments	Fair value changes	Right-of-use assets	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	11,893	31,327	17,230	(28,452)	(1,465)	1,509	32,042
Credit (charge) to profit or loss	794	(865)	4,064	(3,530)	111	(152)	422
Debited to share-based payment reserve	—	—	(10,099)	—	—	—	(10,099)
At 31 December 2022	12,687	30,462	11,195	(31,982)	(1,354)	1,357	22,365
(Charge) credit to profit or loss	(2,420)	(11,987)	(10,462)	10,812	315	(218)	(13,960)
Debited to share-based payment reserve	—	—	(129)	—	—	—	(129)
At 31 December 2023	10,267	18,475	604	(21,170)	(1,039)	1,139	8,276
(Charge) credit to profit or loss	(1,294)	1,193	(604)	2,747	183	215	2,440
At 31 December 2024	8,973	19,668	—	(18,423)	(856)	1,354	10,716
Credit (charge) to profit or loss	350	(690)	—	567	341	(554)	14
At 30 September 2025	9,323	18,978	—	(17,856)	(515)	800	10,730

APPENDIX I

ACCOUNTANTS’ REPORT

At 31 December 2022, 2023 and 2024 and 30 September 2025, the Group has deductible temporary differences of RMB604,578,000, RMB548,400,000, RMB535,293,000 and RMB522,883,000 available for offset against future profit. At 31 December 2022, 2023 and 2024 and 30 September 2025, deferred tax asset has been recognised in respect of RMB460,904,000, RMB309,406,000, RMB287,587,000 and RMB270,860,000 of such deductible temporary differences and no deferred tax asset has been recognised in respect of the remaining deductible temporary differences due to the unpredictability of future profits streams.

At 31 December 2022, 2023 and 2024 and 30 September 2025, the Group has unused tax losses of RMB1,735,299,000, RMB2,385,341,000, RMB2,611,986,000 and RMB2,788,956,000 available for offset against future profit. At 31 December 2022, 2023 and 2024 and 30 September 2025, deferred tax asset has been recognised in respect of RMB131,814,000, RMB245,270,000, RMB328,778,000 and RMB410,386,000 of such tax losses and no deferred tax asset has been recognised in respect of the remaining unused tax losses due to the unpredictability of future profits streams. The unrecognised tax losses will be expired gradually in various dates within the next ten years from the end of each reporting period.

24. INVENTORIES

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	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 material and consumables	213,078	179,821	125,085	68,472	150,761	135,415	64,789	18,533
Work-in-progress	271,923	165,322	174,727	201,289	239,235	146,374	146,600	166,307
Finished goods	427,509	269,418	310,832	362,514	241,264	141,218	156,057	155,269
Others	10,665	6,438	10,313	16,762	52	692	101	52
	<u>923,175</u>	<u>620,999</u>	<u>620,957</u>	<u>649,037</u>	<u>631,312</u>	<u>423,699</u>	<u>367,547</u>	<u>340,161</u>

25. TRADE AND OTHER RECEIVABLES AT AMORTISED COST

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	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 . . .	277,295	292,590	308,813	388,333	41,252	41,911	34,532	59,540
Less: allowance for credit losses	(59,528)	(59,490)	(61,239)	(62,420)	(2,570)	(2,943)	(2,919)	(978)
	<u>217,767</u>	<u>233,100</u>	<u>247,574</u>	<u>325,913</u>	<u>38,682</u>	<u>38,968</u>	<u>31,613</u>	<u>58,562</u>
Bill receivables	–	4,261	1,703	1,315	–	–	217	1,096
Less: allowance for credit losses	–	–	(20)	(11)	–	–	(2)	–
	<u>–</u>	<u>4,261</u>	<u>1,683</u>	<u>1,304</u>	<u>–</u>	<u>–</u>	<u>215</u>	<u>1,096</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables								
Prepaid expenses . . .	–	6,950	5,524	11,110	–	5,938	2,495	8,844
Refundable deposits . .	15,372	11,730	11,590	8,761	2,719	2,170	1,757	1,629
Prepayments to suppliers	47,743	10,510	32,885	21,683	25,869	4,411	956	12,183
Prepayments for acquisition of property, plant and equipment	66,453	98,054	23,170	19,651	1,911	–	45	–
Other tax recoverables	76,738	86,141	118,421	57,997	66,966	55,842	54,857	43,937
Deferred issue costs .	–	–	–	18,715	–	–	–	18,715
Amounts due from subsidiaries (<i>note</i>) .	–	–	–	–	313,750	223,775	224,375	224,375
Others	2,634	4,355	5,205	3,755	1,101	1,198	1,317	1,926
	<u>208,940</u>	<u>217,740</u>	<u>196,795</u>	<u>141,672</u>	<u>412,316</u>	<u>293,334</u>	<u>285,802</u>	<u>311,609</u>
Less: allowance for credit losses	(929)	(488)	(353)	(245)	(221,666)	(223,668)	(223,658)	(223,667)
	<u>208,011</u>	<u>217,252</u>	<u>196,442</u>	<u>141,427</u>	<u>190,650</u>	<u>69,666</u>	<u>62,144</u>	<u>87,942</u>
Total trade and other receivables	425,778	454,613	445,699	468,644	229,332	108,634	93,972	147,600
Less: prepayments shown under non- current assets	(66,453)	(98,637)	(24,652)	(21,729)	(1,911)	–	(45)	–
	<u>359,325</u>	<u>355,976</u>	<u>421,047</u>	<u>446,915</u>	<u>227,421</u>	<u>108,634</u>	<u>93,927</u>	<u>147,600</u>

Note: As at 31 December 2022, 2023 and 2024 and 30 September 2025, the gross amounts due from subsidiaries amounting to RMB313,750,000, RMB223,775,000, RMB224,375,000 and RMB224,375,000, net of allowance of RMB221,626,000, RMB223,626,000, RMB223,626,000 and RMB223,626,000, respectively, are non-trade in nature, interest free and repayable on demand.

As of 1 January 2022, the Group’s trade and bills receivables (including trade and bills receivables at FVTOCI (note 26)) amounted to RMB345,877,000.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group and the Company mainly allows a credit period of 0 to 120 days to its trade customers. The following is an aging analysis of trade and bills receivables (including trade and bills receivables at FVTOCI (note 26)), net of allowance for credit losses, presented based on dates of delivery of goods or dates of rendering of services.

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0 – 90 days	213,879	221,690	298,653	269,154	33,676	25,655	16,407	42,777
91 – 180 days . .	37,111	118,355	53,510	115,999	4,580	11,332	8,637	13,275
181 days – 1 year	55,040	7,261	40,583	49,016	7,763	405	4,525	4,713
Over 1 year	4,762	5,923	5,772	8,038	2,626	2,477	2,401	395
	<u>310,792</u>	<u>353,229</u>	<u>398,518</u>	<u>442,207</u>	<u>48,645</u>	<u>39,869</u>	<u>31,970</u>	<u>61,160</u>

As at 31 December 2022, 2023 and 2024 and 30 September 2025, total bills (including bills receivables at FVTOCI) received amounting to RMB10,000,000, RMB108,179,000, RMB73,131,000 and RMB110,322,000, respectively, were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 41(d). All notes received by the Group are with a maturity period of less than one year.

As of 31 December 2022, 2023 and 2024 and 30 September 2025, included in the Group’s trade and bills receivables balance (including trade and bills receivables at FVTOCI (note 26)) are debtors with aggregate carrying amount of RMB65,666,000, RMB57,782,000, RMB41,086,000 and RMB47,193,000, respectively, which are past due but not credit-impaired as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group does not hold any collateral over these balances except for the trade receivables for which bills are received.

Details of impairment assessment of trade and other receivables at amortised cost are set out in note 41.

26. TRADE AND BILLS RECEIVABLES AT FVTOCI

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance bills receivables . .	83,375	9,687	77,313	6,657	9,963	901	–	555
Electronic commercial bills receivables . . .	10,000	110,032	74,554	112,346	–	–	143	957
	<u>93,375</u>	<u>119,719</u>	<u>151,867</u>	<u>119,003</u>	<u>9,963</u>	<u>901</u>	<u>143</u>	<u>1,512</u>
Less: allowance for credit losses	(350)	(3,851)	(2,606)	(4,013)	–	–	(1)	(10)
	<u>93,025</u>	<u>115,868</u>	<u>149,261</u>	<u>114,990</u>	<u>9,963</u>	<u>901</u>	<u>142</u>	<u>1,502</u>

Details of impairment assessment of trade and bills receivables at FVTOCI are set out in note 41.

APPENDIX I

ACCOUNTANTS’ REPORT

27. FINANCIAL ASSETS AT FVTPL

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments . . .	<u>187,728</u>	<u>88,537</u>	<u>72,533</u>	<u>79,617</u>	<u>138,075</u>	<u>66,707</u>	<u>50,377</u>	<u>57,172</u>

The investments represent the Group’s and the Company’s equity interests in certain entities.

Details of fair value measurement of financial assets at FVTPL are set out in note 41.

28. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

The Group and the Company

As of 31 December 2022, 2023 and 2024 and 30 September 2025, restricted bank balances mainly represent guarantee deposits held in designated bank accounts for issuance of bank acceptance bills and certain bank borrowings.

Restricted bank balances and cash and cash equivalents include demand deposits with original maturity less than three months for the purpose of meeting the Group’s short-term cash commitments, which carry interest at market rates range from 0.0001% to 2.50% per annum, 0.0001% to 2.69% per annum, 0.0001% to 1.80% per annum, and 0.0001% to 0.95% per annum at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.

Details of impairment assessment of bank balances are set out in note 41.

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the restricted bank balances and cash and cash equivalents denominated in foreign currencies are mainly as below:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
United States Dollars (“USD”)	<u>52,417</u>	<u>14,545</u>	<u>34,848</u>	<u>26,560</u>	<u>43,799</u>	<u>4,284</u>	<u>26,387</u>	<u>14,838</u>

APPENDIX I

ACCOUNTANTS’ REPORT

29. TRADE AND OTHER PAYABLES

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	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 and bills payables (note a)								
– Trade payables	148,960	259,943	328,764	272,649	58,642	36,852	65,668	64,337
– Bills payables	118,611	13,151	177,128	164,104	22,106	7,404	57,128	32,620
	<u>267,571</u>	<u>273,094</u>	<u>505,892</u>	<u>436,753</u>	<u>80,748</u>	<u>44,256</u>	<u>122,796</u>	<u>96,957</u>
Other payables								
Salary and welfare payables	31,539	29,407	34,930	27,639	17,993	20,527	21,634	17,675
Accrued expenses	19,054	10,097	17,621	3,804	17,262	8,409	14,701	6,702
Deposits	3,101	6,297	4,422	4,064	2,909	4,471	2,773	1,533
Repurchase Obligation for Restricted Shares (note 37)	167,833	71,457	–	–	167,833	71,457	–	–
Payables for production plant of Sinuo (note b)	49,626	274,017	264,131	254,210	–	–	–	–
Repurchase Obligation for Non- controlling Interests (note c)	141,176	141,176	141,176	114,462	–	–	–	–
Other tax payables	14,078	6,659	5,396	4,762	2,032	3,534	3,685	3,131
Accrued issue costs	–	–	–	4,217	–	–	–	4,217
Amounts due to subsidiaries (note d)	–	–	–	–	11,803	7,235	47,759	51,109
Others	<u>13,072</u>	<u>6,707</u>	<u>5,323</u>	<u>3,470</u>	<u>3,648</u>	<u>4,941</u>	<u>2,128</u>	<u>5,478</u>
	<u>439,479</u>	<u>545,817</u>	<u>472,999</u>	<u>416,628</u>	<u>223,480</u>	<u>120,574</u>	<u>92,680</u>	<u>89,845</u>
	<u>707,050</u>	<u>818,911</u>	<u>978,891</u>	<u>853,381</u>	<u>304,228</u>	<u>164,830</u>	<u>215,476</u>	<u>186,802</u>
Less: Amounts due for settlement after one year shown under long-term payables	(190,802)	(415,193)	(264,131)	(112,985)	(5,000)	(5,000)	(5,000)	(5,000)
	<u>516,248</u>	<u>403,718</u>	<u>714,760</u>	<u>740,396</u>	<u>299,228</u>	<u>159,830</u>	<u>210,476</u>	<u>181,802</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (a) The Group and the Company 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 and the Company continues to recognise these trade payables as the Group and the Company 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 and the Company are included within operating cash flows based on the nature of the arrangements.

The credit period granted by suppliers is mainly ranging from 0 to 90 days. The following is an aging analysis of the Group’s and the Company’s trade and bills payables presented based on the invoice dates at the end of each reporting period.

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	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 90 days	139,333	180,530	317,387	210,327	65,273	38,045	101,056	76,228
91 to 180 days	54,146	45,818	108,716	115,316	4,991	4,436	20,493	19,319
181 to 365 days	60,408	25,842	51,848	86,210	8,657	747	139	458
Over 1 year .	13,684	20,904	27,941	24,900	1,827	1,028	1,108	952
	<u>267,571</u>	<u>273,094</u>	<u>505,892</u>	<u>436,753</u>	<u>80,748</u>	<u>44,256</u>	<u>122,796</u>	<u>96,957</u>

- (b) During the year ended 31 December 2022, Inner Mongolia Sinuo, a non-wholly owned subsidiary of the Company, has entered into a construction agreement with certain contractors in relation to construction of the plant for production of lithium-ion battery anode material products. This balance represents the unpaid installment payments for the project.
- (c) During the year ended 31 December 2022, an independent investor made capital injection amounting to RMB141,176,000 to Inner Mongolia Sinuo, a non-wholly owned subsidiary of the Company and upon the completion of capital injection, the independent investor owned 12.85% of Inner Mongolia Sinuo. Subject to the terms and conditions of investment agreement, if certain requirements cannot be fulfilled by Inner Mongolia Sinuo by January 2025, the independent investor has the right to request the controlling shareholder of Inner Mongolia Sinuo, which is the Company, to repurchase the 12.85% equity interests of Inner Mongolia Sinuo (“Repurchase Obligation for Non-controlling Interests”) at a consideration of RMB141,176,000 within 3 months from January 2025. The Group has accounted for the Repurchase Obligation for Non-controlling Interests as financial liabilities at amortised cost during the Track Record Period.

As at 31 December 2022 and 2023, the Repurchase Obligation for Non-controlling Interests was due after one year and classified as non-current liabilities. As at 31 December 2024, the Repurchase Obligation for Non-controlling Interests was due within one year and classified as current liabilities.

In January 2025, the independent investor requested the controlling shareholder of Inner Mongolia Sinuo to repurchase the 12.85% equity interest of Inner Mongolia Sinuo. Based on the negotiation, the independent investor and the controlling shareholder of Inner Mongolia Sinuo has entered into a supplementary agreement in April 2025, pursuant to which the controlling shareholder of Inner Mongolia Sinuo is required to repurchase the 2.73% equity interest of Inner Mongolia Sinuo at a consideration of RMB30,000,000 and to repurchase the remaining 10.12% equity interest in Inner Mongolia Sinuo at a consideration of RMB111,176,000, which carries interests at 4% per annum and will be due in January 2026. The outstanding amount is pledged by 70.12% equity interests in Inner Mongolia Sinuo and certain shares of the Company held by Mr. Sun Yingtong, the chief executive and a shareholder of the Company, as detailed in note 40.

- (d) As at 31 December 2022, 2023 and 2024 and 30 September 2025, included in amounts due to subsidiaries, RMB5,000,000 represented the unpaid capital contribution due to a subsidiary of the Company, which are non-trade in nature, unsecured, interest-free and repayable after one year. The remaining balance are non-trade in nature, unsecured, interest-free and repayable on demand.

APPENDIX I

ACCOUNTANTS’ REPORT

30. CONTRACT LIABILITIES

The contract liabilities represented the advance payment, received from the customers while the underlying services are yet to be provided.

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers for								
– Sales of chip products	12,087	17,465	4,776	7,299	10,830	12,907	3,189	5,404
– Sales of lithium-ion battery anode material products	1,751	580	189	295	–	–	–	–
	<u>13,838</u>	<u>18,045</u>	<u>4,965</u>	<u>7,594</u>	<u>10,830</u>	<u>12,907</u>	<u>3,189</u>	<u>5,404</u>

At 1 January 2022, the Group’s contract liabilities amounted to RMB56,571,000.

The amount of contract liabilities includes the revenue to be recognised. The contract liabilities balance varies in accordance with the number of contracts outstanding at the end of reporting period. The following table shows how much of the revenue of the Group and the Company recognised during the Track Record Period relates to carried-forward contract liabilities:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balances at the beginning of the year	<u>55,694</u>	<u>13,169</u>	<u>16,253</u>	<u>4,586</u>	<u>45,301</u>	<u>10,694</u>	<u>11,610</u>	<u>2,966</u>

The Group requires a deposit on acceptance of orders from certain customers. When the Group and the Company receives a deposit before delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2022, 2023 and 2024 and 30 September 2025, contract liabilities of the Group and the Company denominated in foreign currencies are as below.

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
USD	9,135	4,272	214	38	9,135	4,272	214	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

31. DERIVATIVE FINANCIAL INSTRUMENT

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instrument – foreign currency forward contracts								
Assets	–	–	419	–	–	–	419	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities	1,522	–	–	415	1,522	–	–	415
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At the end of each reporting period, the Group had foreign currency forward contracts in order to minimise its exposures to foreign currency risk on its transactions denominated in USD. The aforesaid contracts were settled within one year.

32. BORROWINGS

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings . .	975,611	1,476,350	1,422,663	1,447,415	805,387	768,147	631,257	646,567
Other borrowings								
(note a)	154,536	97,200	102,256	97,840	–	–	–	–
Discount bills with recourse (note b) .	8,133	65,169	67,381	102,334	–	–	–	–
	<u>1,138,280</u>	<u>1,638,719</u>	<u>1,592,300</u>	<u>1,647,589</u>	<u>805,387</u>	<u>768,147</u>	<u>631,257</u>	<u>646,567</u>
Secured (note c) . .	599,714	692,078	779,182	932,705	427,045	400,915	365,333	382,795
Unsecured	538,566	946,641	813,118	714,884	378,342	367,232	265,924	263,772
	<u>1,138,280</u>	<u>1,638,719</u>	<u>1,592,300</u>	<u>1,647,589</u>	<u>805,387</u>	<u>768,147</u>	<u>631,257</u>	<u>646,567</u>
Fixed-rate borrowings	671,235	888,820	760,262	884,398	398,343	356,192	237,401	263,772
Variable-rate borrowings	467,045	749,899	832,038	763,191	407,044	411,955	393,856	382,795
	<u>1,138,280</u>	<u>1,638,719</u>	<u>1,592,300</u>	<u>1,647,589</u>	<u>805,387</u>	<u>768,147</u>	<u>631,257</u>	<u>646,567</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable:								
Within one year	719,315	822,892	837,282	856,430	428,963	394,824	337,186	319,253
More than one year, but not exceeding two years	120,841	201,137	236,620	227,267	78,300	97,247	82,571	69,051
More than two years, but not exceeding five years	107,624	424,887	373,898	435,392	107,624	109,076	67,000	129,763
More than five years	190,500	189,803	144,500	128,500	190,500	167,000	144,500	128,500
Total borrowings	1,138,280	1,638,719	1,592,300	1,647,589	805,387	768,147	631,257	646,567
Less: Amounts due within one year shown under current liabilities	(719,315)	(822,892)	(837,282)	(856,430)	(428,963)	(394,824)	(337,186)	(319,253)
Amounts due after one year shown under non-current liabilities	418,965	815,827	755,018	791,159	376,424	373,323	294,071	327,314

Notes:

- (a) Other borrowings amounting to RMB154,536,000, RMB97,200,000, RMB102,256,000 and RMB97,840,000, respectively, represented borrowings provided by certain other financial institutions, as at 31 December 2022, 2023 and 2024 and 30 September 2025, some of which are guaranteed by the Company and certain subsidiaries and secured by certain properties and carried interest rates ranging from 7.11% per annum to 8.79% per annum, from 5.74% per annum to 8.79% per annum, from 5.00% per annum to 8.79% per annum and from 4.85% per annum to 6.19% per annum, respectively, as at 31 December 2022, 2023 and 2024 and 30 September 2025. The maturity of loan balances ranged from June 2024 to December 2024, from June 2024 to May 2026, from May 2026 to April 2027 and from August 2026 to April 2027, respectively, as at 31 December 2022, 2023 and 2024 and 30 September 2025.
- (b) As at 31 December 2022, 2023 and 2024 and 30 September 2025, bills discounted with recourse include the proceeds received from the discounting of bills issued by group entities of RMB8,133,000, RMB65,169,000, RMB67,381,000 and RMB102,334,000, respectively, to banks with recourse.
- The discounted bills carried at fixed interest rate of 1.20% per annum to 2.63% per annum, 1.00% per annum to 2.63% per annum, 0.90% per annum to 3.40% per annum, and 0.60% per annum to 4.26% per annum at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.
- (c) Certain bank and other borrowings were secured by property, plant and equipment, right-of-use assets, investment properties, trade and bills receivables at FVTOCI and pledged bank deposits. Details are set out in note 45.

APPENDIX I

ACCOUNTANTS’ REPORT

The borrowings of the Group and the Company are all denominated in RMB.

The ranges of effective interest rates on the Group’s borrowings are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
Effective interest rate:				
Fixed-rate borrowings	1.20%-8.79% per annum	1.00%-8.79% per annum	0.90%-8.79% per annum	0.60%-6.19% per annum
Variable-rate borrowings	3.65%-6.65% per annum	3.45%-5.30% per annum	3.45%-5.30% per annum	3.10%-5.30% per annum

33. LEASE LIABILITIES

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:								
Within one year	14,702	10,971	9,702	10,583	5,657	6,355	5,513	4,827
More than one year, but not exceeding two years	10,438	7,699	8,093	6,775	4,888	3,452	3,562	741
More than two years, but not exceeding five years	16,784	16,097	15,839	16,909	2,967	1,585	354	–
More than five years	14,206	11,369	5,426	852	–	–	–	–
	56,130	46,136	39,060	35,119	13,512	11,392	9,429	5,568
Less: Amounts due within one year shown under current liabilities	(14,702)	(10,971)	(9,702)	(10,583)	(5,657)	(6,355)	(5,513)	(4,827)
Amounts due after one year shown under non-current liabilities	41,428	35,165	29,358	24,536	7,855	5,037	3,916	741

Lease liabilities of the Group and the Company are denominated in RMB.

APPENDIX I

ACCOUNTANTS’ REPORT

34. DEFERRED INCOME

	The Group				The Company			
	As at 31 December			As at	As at 31 December			As at
	2022	2023	2024	30 September	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Government grant	945	3,928	21,650	22,678	–	3,108	4,104	2,875
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Government grants of nil, RMB3,108,000, RMB22,146,000 and RMB7,500,000 have been received by the Group during each of the years/period ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 which are mainly related to investments in production facilities. The amounts have been treated as deferred income and is transferred to cost of construction of plant and facilities and reimbursement of research and development cost and other expenses.

During the years/period ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, the Group received government subsidies of nil, RMB2,000,000, RMB1,500,000 and RMB3,000,000, respectively, toward the construction of plant and facilities. The amounts have been treated as deferred income and is transferred to other income over the useful live of the relevant assets. During the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, government grant related to assets amounting to RMB125,000, RMB125,000, RMB272,000 and RMB796,000, respectively, were recognised in other income.

During the years/period ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, the Group received government subsidies of nil, RMB1,108,000, RMB20,648,000 and RMB4,500,000, respectively, toward the reimbursement of research and development expenses. The amounts have been treated as deferred income and is transferred to other income over the spending of research and development costs and other expenses. During the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, government grant related to reimbursement of research and development expenses amounting to nil, nil, RMB4,154,000 and RMB5,676,000, respectively, were recognised in other income.

35. PROVISION

The Group and the Company

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	RMB'000
Provision	–	3,216	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The provision represents the claim from a customer in 2023 and has been settled during the year ended 31 December 2024.

APPENDIX I

ACCOUNTANTS’ REPORT

36. SHARE CAPITAL

The Group and the Company

Details of movements of registered and issued share capital of the Company are as follows:

	Number of shares	Share capital
	'000	RMB'000
Issued and fully paid:		
At 1 January 2022	592,646	592,646
Issue of shares (<i>note 39</i>)	2,992	2,992
At 31 December 2022	595,638	595,638
Repurchase and cancellation of shares (<i>note 39</i>)	(797)	(797)
At 31 December 2023	594,841	594,841
Repurchase and cancellation of shares (<i>note 39</i>)	(11,714)	(11,714)
At 31 December 2024 and 30 September 2025	583,127	583,127

37. TREASURY SHARES

The Group and the Company

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	213,689	167,833	71,457	71,457	—
Issue of shares (<i>note ii</i>)	18,251	—	—	—	—
Repurchase and cancellation of shares (<i>note iii</i>)	—	(4,861)	(71,457)	(71,457)	—
Transferred of shares to the grantees (<i>note iv</i>)	(64,107)	(91,515)	—	—	—
At the end of the year/period	167,833	71,457	—	—	—

Notes:

- (i) As at 1 January 2022, treasury stock mainly comprised the 35,031,000 restricted shares under Share Incentive Schemes of the Company, as detailed in note 39, amounting to approximately RMB213,689,000 that have not met vesting condition.
- (ii) On 13 May 2022, the Company granted 2,992,000 restricted shares to eligible employees who met grant conditions at a grant price of RMB6.10 per share. The Company completed the registration of restricted shares in 2022.
- (iii) During the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024, 797,000, 11,714,000 and 11,714,000 (unaudited) restricted shares were repurchased and cancelled by the Company using the grant price under the Share Incentive Scheme of the Company, as detailed in note 39, as the performance conditions have not been met.
- (iv) During the years ended 31 December 2022 and 2023, 10,509,000 and 15,003,000 restricted shares were transferred to the grantees under Share Incentive Scheme of the Company, as detailed in note 39, upon the performance conditions have been met.

APPENDIX I

ACCOUNTANTS’ REPORT

38. RESERVES OF THE COMPANY

The Company

	Capital reserve	Treasury shares	Share-based payments reserve	Other reserve	Statutory reserve	Accumulated losses	Total
	RMB'000	RMB'000 (note 37)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	1,830,775	(213,689)	93,116	147,138	68,561	(771,903)	1,153,998
Total comprehensive income (expense) for the year.	—	—	—	157	—	(87,237)	(87,080)
Issue of shares under share schemes.	15,259	(18,251)	—	—	—	—	(2,992)
Share-based payments, net of income tax	—	—	123,219	—	—	—	123,219
Transfer of shares to grantees.	—	64,107	—	—	—	—	64,107
At 31 December 2022 . . .	1,846,034	(167,833)	216,335	147,295	68,561	(859,140)	1,251,252
Total comprehensive expense for the year . . .	—	—	—	(134)	—	(408,091)	(408,225)
Repurchase and cancellation of shares . .	(4,064)	4,861	—	—	—	—	797
Share-based payments, net of income tax	—	—	(10,421)	—	—	—	(10,421)
Treasury shares transferred to grantees	—	91,515	—	—	—	—	91,515
At 31 December 2023 . . .	1,841,970	(71,457)	205,914	147,161	68,561	(1,267,231)	924,918
Total comprehensive income (expense) for the year.	—	—	—	20	—	(109,555)	(109,535)
Repurchase and cancellation of shares . .	(59,743)	71,457	—	—	—	—	11,714
Share-based payments, net of income tax	—	—	8,807	—	—	—	8,807
Cancellation of the share incentive scheme	214,721	—	(214,721)	—	—	—	—
At 31 December 2024 . . .	1,996,948	—	—	147,181	68,561	(1,376,786)	835,904
Total comprehensive income (expense) for the period	—	—	—	13	—	(191,327)	(191,314)
At 30 September 2025 . . .	1,996,948	—	—	147,194	68,561	(1,568,113)	644,590
(Unaudited)							
As at 1 January 2024 . . .	1,841,970	(71,457)	205,914	147,161	68,561	(1,267,231)	924,918
Total comprehensive expense for the period . .	—	—	—	—	—	(58,183)	(58,183)
Repurchase and cancellation of shares . .	(59,743)	71,457	—	—	—	—	11,714
Share-based payments, net of income tax	—	—	8,807	—	—	—	8,807
Cancellation of the share incentive scheme	214,721	—	(214,721)	—	—	—	—
As at 30 September 2024 .	1,996,948	—	—	147,161	68,561	(1,325,414)	887,256

APPENDIX I

ACCOUNTANTS’ REPORT

39. SHARE-BASED PAYMENTS

Share Incentive Scheme of the Company

On 11 June 2021, the third meeting of the fifth board of the Company reviewed and passed the proposal on granting restricted shares to incentive objects, agreeing 28 June 2021 as the grant date, and granted 38,049,000 restricted shares to eligible employees who meet the grant conditions at a grant price of RMB6.10 per share (“Share Incentive Scheme of the Company”). The vesting periods for restricted shares granted are no more than 60 months from the grant date. According to the Company’s performance appraisal and individual performance appraisal, 30%, 40%, 30% restricted shares will be vested respectively.

Pursuant to the Share Incentive Scheme of the Company, on 28 June 2021 and 13 May 2022, the Company granted 35,049,000 shares and 2,992,000 shares to eligible employees for their performance and contribution and were immediately vested, respectively. The purpose of the Share Incentive Scheme of the Company is to attract and retain the best available personnel, provide additional incentives to employees, and promote the success of the Group.

The restricted shares granted to the employees under this incentive scheme shall not be transferred, used to guarantee or repay debts before the restrictions on sales are unlocked. When the sales restriction period expires, the Company will process the unlocking of the sales restriction for the employees that meet the conditions, and those restricted shares that do not meet the conditions will be repurchased and cancelled by the Company. The validity period of the scheme is from the date of completion of registration of the granted restricted shares to the date of completion of the unlocking of restrictions on the sales of all restricted shares or the repurchase of all restricted shares, which shall not exceed 60 months at most.

The number of restricted shares granted to the Group’s incentive participants is summarised as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000	'000
				(Unaudited)	
At the beginning of the year/period	35,031	27,514	11,714	11,714	—
Issue of shares under share schemes	2,992	—	—	—	—
Repurchase and cancellation of shares . .	—	(797)	(11,714)	(11,714)	—
Transfer of shares	(10,509)	(15,003)	—	—	—
At the end of the year/period	<u>27,514</u>	<u>11,714</u>	<u>—</u>	<u>—</u>	<u>—</u>

During the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024, 797,000, 11,714,000 and 11,714,000 (unaudited) restricted shares were cancelled, respectively, and repurchased by the Company as the performance conditions have not been met.

The fair value of granted shares was RMB15.40 per share and RMB15.65 per share for the Share Incentive Scheme of the Company on 28 June 2021 and 13 May 2022, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group recognised the expenses of RMB132,583,000, reversal of expenses of RMB12,493,000, nil, nil (unaudited) and nil in relation to Share Incentive Scheme of the Company for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025.

Share Incentive Scheme of Sinuo

On 30 August 2022, Inner Mongolia Sinuo, a non-wholly owned subsidiary of the Company, launched a share incentive scheme (“Share Incentive Scheme of Sinuo”) in relation to granted 20,608,000 shares to eligible employees. The purpose of the Share Incentive Scheme of Sinuo is to attract and retain the best available personnel, provide additional incentives to employees, and promote the success of the Group.

The exercise price of Share Incentive Scheme of Sinuo is RMB5.14 per share. The shares granted are generally service-based and subject to the Inner Mongolia Sinuo’s performance appraisal and individual performance appraisal. The share incentives are exercisable by 31 December 2027.

The number of shares granted by Inner Mongolia Sinuo to the incentive participants is summarised as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000	'000
				(Unaudited)	
At the beginning of the year/period	–	20,608	19,963	19,963	–
Granted	20,608	–	–	–	–
Forfeited	–	(645)	–	–	–
Cancellation of the share incentive scheme.	–	–	(19,963)	(19,963)	–
At the end of the year/period	<u>20,608</u>	<u>19,963</u>	<u>–</u>	<u>–</u>	<u>–</u>

The fair value of granted shares was RMB9.41 per share for the Share Incentive Scheme of Sinuo on 30 August 2022.

During the year ended 31 December 2024, pursuant to the board resolution, Inner Mongolia Sinuo cancelled the Share Incentive Scheme of Sinuo taking into consideration of the performance of Inner Mongolia Sinuo and the vesting conditions of the Share Incentive Scheme of Sinuo. Therefore, Inner Mongolia Sinuo recognised remaining expenses in relation to the Share Incentive Scheme of Sinuo in 2024.

The Group recognised the total expenses of RMB5,505,000, RMB15,825,000, RMB63,988,000, RMB63,988,000 (unaudited) and nil in relation to Share Incentive Scheme of Sinuo for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

40. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in the Historical Financial Information, the Group has following transactions and balances with related parties:

Key management personnel compensation

The remuneration of directors and other key management personnel is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries and allowance and other benefits (including retirement benefit contribution)	7,314	5,400	5,403	3,960	4,145
Share-based payments	12,058	496	7,195	7,195	—
	<u>19,372</u>	<u>5,896</u>	<u>12,598</u>	<u>11,155</u>	<u>4,145</u>

Guarantee provided by a related party

As at 30 September 2025, Mr. Sun Yingtong, the chief executive and a shareholder of the Company, pledged certain shares of the Company held by himself to an independent investor of Inner Mongolia Sinuo to secure the outstanding repurchase obligation for non-controlling interests amounting to RMB114,462,000, as detailed in note 29. [The directors of the Company represented that such pledge of shares will be released prior to the Listing.]

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Financial assets at amortised cost	864,055	1,045,553	728,941	632,910	461,725	389,682	260,771	165,342
Trade and bills receivables at FVTOCI	93,025	115,868	149,261	114,990	9,963	901	142	—
Derivative financial instrument	—	—	419	—	—	—	419	1,502
Equity instruments at FVTOCI	69,718	69,584	69,603	68,591	3,841	3,707	3,726	3,739
Financial assets at FVTPL	<u>187,728</u>	<u>88,537</u>	<u>72,533</u>	<u>79,617</u>	<u>138,075</u>	<u>66,707</u>	<u>50,377</u>	<u>57,172</u>
Financial liabilities								
Financial liabilities at amortised cost	1,780,659	2,411,467	2,513,244	2,460,548	1,072,328	900,507	806,713	799,297
Derivative financial instrument	<u>1,522</u>	<u>—</u>	<u>—</u>	<u>415</u>	<u>1,522</u>	<u>—</u>	<u>—</u>	<u>415</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Financial risk management objectives and policies

The Group’s and the Company’s financial instruments include trade and other receivables at amortised cost, trade and bills receivables at FVTOCI, equity instruments at FVTOCI, financial assets at FVTPL, restricted bank balances, cash and cash equivalents, derivative financial instrument, trade and other payables, long-term payables, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes.

The directors of the Company monitor and manage the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (represents currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below and remained unchanged during the Track Record Period. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group’s activities expose primarily to the market risks of changes in interest rates. There are no significant changes to the Group’s exposure to market risks or the manner in which it manages and measures the risk.

(i) *Currency risk*

The Group mainly has cash and cash equivalents which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The Group entered into foreign currency forward contracts to hedge certain liabilities denominated in foreign currency. Given this, the management considers that the net exposure to currency risk is kept to an appropriate level. It is the Group’s policy to negotiate the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. Details of the foreign currency forward contracts entered into by the Group at the end of each reporting period are set out in note 31.

The carrying amount of the Group’s foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
<u>Assets</u>				
USD	105,005	38,136	60,752	49,043
<u>Liabilities</u>				
USD	6,717	6,102	20,813	1,053

APPENDIX I

ACCOUNTANTS’ REPORT

Sensitivity analysis

The following table details the Group’s sensitivity to a reasonably possible change of 5% in exchange rate of the relevant foreign currencies against the functional currency of respective group entities, while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Decrease (increase) in loss for the year/period				
– if RMB weakens against USD	4,914	1,602	1,997	2,400
– if RMB strengthens against USD	<u>(4,914)</u>	<u>(1,602)</u>	<u>(1,997)</u>	<u>(2,400)</u>

In management’s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during Track Record Period.

(ii) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank balances, variable-rate cash and cash equivalents and variable-rate borrowings.

The Group’s and the Company’s exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group’s cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark rates.

The Group and the Company currently does not use any derivative contracts to hedge its borrowings to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been prepared based on the exposure to interest rates for non-derivative instruments (restricted bank balances, cash and cash equivalents and borrowings). 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 are used when reporting interest rate risk internally to key management personnel and represent management’s assessment of the possible change in interest rate in respect of cash and cash equivalents and borrowings.

At 31 December 2022, 2023 and 2024 and 30 September 2025, if interest rates had been increased/decreased by 50 basis point of restricted bank deposits, cash and cash equivalents and borrowings and all other variables were held constant, the Group’s loss for the year/period would decreased/increased by RMB813,000 and decreased/increased by RMB215,000 and increased/decreased by RMB1,843,000 and RMB2,349,000 for the years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

(iii) *Other price risk*

The Group is exposed to equity price risk through its investments at FVTOCI and financial assets at FVTPL. The Group is exposed to price risk. The management will monitor the price movements and take appropriate actions when it is required.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the end of each reporting period.

At 31 December 2022, 2023 and 2024 and 30 September 2025, if prices were 10% higher or lower, the other reserve would increase or decrease by RMB5,945,000, RMB5,933,000, RMB5,935,000, and RMB5,849,000 respectively, as a result of the changes in the fair value of equity instruments at FVTOCI.

At 31 December 2022, 2023 and 2024 and 30 September 2025, if prices were 10% higher or lower, the Group’s loss for the year/period would decrease or increase by approximately RMB16,647,000, RMB7,859,000, RMB6,417,000 and RMB7,053,000 for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 respectively, as a result of the changes in the fair value of financial assets at FVTPL.

Credit risk and impairment assessment

At the end of each reporting period, the Group’s and the Company’s maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

Trade and bills receivables arising from contracts with customers

The Group has concentration of credit risk as 45.65%, 53.43%, 44.24% and 49.3% of the trade receivables, respectively, as at 31 December 2022, 2023 and 2024 and 30 September 2025 was due from Customer A. In order to minimise the credit risk, the management of the Group and the Company has delegated the responsible personnel for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group and the Company may require a deposit to be received from most of the customers before acceptance of orders. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group’s and the Company’s credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade and bills receivables which are credit-impaired individually. The remaining trade and bills receivables are assessed on collective basis based on customers’ aging analysis. Impairment losses of RMB711,000, RMB5,419,000, RMB571,000, RMB5,417,000 (unaudited) and RMB4,371,000 are recognised in profit or loss for each of the years/period ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, respectively. Details of the quantitative disclosures are set out below in this note.

APPENDIX I

ACCOUNTANTS’ REPORT

Other receivables and amounts due from subsidiaries

The credit risk of other receivables of the Group and other receivables and amounts due from subsidiaries the Company are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group and the Company also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss.

In addition, the Group and the Company performs impairment assessment under ECL model on other receivables and amounts due from subsidiaries which are credit-impaired individually.

Restricted bank balances and cash and cash equivalents

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant.

The Group’s and the Company’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description
Performing	The counterparty has a low risk of default and does not have any past-due amounts or debtor repays after due dates but usually settle in full
Loss	There is evidence indicating the asset is credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery

APPENDIX I

ACCOUNTANTS’ REPORT

The tables below detail the credit risk exposures of the Group’s and the Company’s financial assets which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m or life-time ECL	The Group			The Company		
				Gross carrying amount			Gross carrying amount		
				At 31 December	2023	2024	At 31 December	2023	At 30 September
				RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTOCI									
Trade and bills receivables . . .	N/A	(i)	Life-time ECL (not credited-impaired)	93,375	119,719	151,867	119,003	901	1,512
Financial assets at amortised cost									
Trade and bills receivables . . .	N/A	(i)	Life-time ECL (not credited-impaired)	226,402	247,094	261,238	342,336	39,926	60,636
			Life-time ECL (credited-impaired)	50,893	49,757	49,278	47,312	1,985	–
				370,670	416,570	462,383	508,651	42,812	62,148
				17,634	15,781	16,572	12,516	3,369	3,555
Other receivables (excluding amounts due from subsidiaries)	N/A	(ii)	12m ECL	–	–	–	–	–	–
				–	–	–	–	–	–
Amounts due from subsidiaries	N/A	(ii)	Life-time ECL (not credited-impaired)	–	–	–	–	107	708
				–	–	–	–	–	–
			Life-time ECL (credited-impaired)	–	–	–	–	223,668	223,667
				–	–	–	–	–	–
				629,583	792,899	463,465	293,422	347,238	101,421
Restricted bank balances and bank balances .	A-AAA	N/A	12m ECL	–	–	–	–	–	–
				–	–	–	–	–	–

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (i) For trade and bills receivables at amortised cost and FVTOCI, the Group and the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors credit-impaired, the Group and the Company determines the ECL on these items on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Debtors of the Group which are credit-impaired with gross carrying amounts of RMB50,893,000, RMB49,757,000, RMB49,278,000 and RMB47,312,000, respectively, as at 31 December 2022, 2023 and 2024 and 30 September 2025. Debtors of the Company which are credit-impaired with gross carrying amounts of RMB1,985,000, RMB1,985,000, RMB1,985,000 and RMB1,985,000, respectively, as at 31 December 2022, 2023 and 2024 and 30 September 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

Set out below is the information about the credit risk exposure on the Group’s and the Company’s trade and bills receivables using a collective basis:

The Group

	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 30 September 2025		
	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance
		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000
Within one year	2.2%	312,897	6,867	3.1%	358,404	11,096	2.6%	403,226	10,481	3.6%	450,163	15,994
1 to 2 years	14.7%	2,741	403	6.4%	5,288	336	14.0%	3,296	462	11.4%	8,635	987
2 to 3 years	35.0%	2,337	818	49.3%	1,851	913	30.4%	4,218	1,283	31.3%	399	125
Over 3 years	100.0%	1,802	1,802	97.6%	1,270	1,239	99.8%	2,365	2,361	94.6%	2,142	2,026
	3.1%	319,777	9,890	3.7%	366,813	13,584	3.5%	413,105	14,587	4.1%	461,339	19,132

The Company

	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 30 September 2025		
	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance
		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000
Within one year	0.7%	48,415	360	0.9%	40,148	354	1.0%	32,278	311	1.0%	61,352	587
1 to 2 years	5.1%	78	4	N/A	—	—	N/A	—	—	N/A	—	—
2 to 3 years	30.0%	737	221	30.8%	65	20	N/A	—	—	N/A	—	—
Over 3 years	N/A	—	—	95.1%	614	584	99.5%	629	626	50.4%	796	401
	1.2%	49,230	585	2.3%	40,827	958	2.8%	32,907	937	1.6%	62,148	988

APPENDIX I

ACCOUNTANTS’ REPORT

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping by past due status is regularly reviewed by management to ensure relevant information about specific debtors is updated.

	The Group			The Company		
	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of 1 January 2022	11,524	52,080	63,604	1,252	3,063	4,315
Impairment losses recognised, net of reversal	2,298	(1,587)	711	(667)	(1,078)	(1,745)
Written off	(963)	(3,474)	(4,437)	—	—	—
Transfer	(2,969)	2,969	—	—	—	—
As of 31 December 2022	9,890	49,988	59,878	585	1,985	2,570
Impairment losses recognised, net of reversal	5,477	(58)	5,419	373	—	373
Written off	(3)	(1,953)	(1,956)	—	—	—
Transfer	(1,780)	1,780	—	—	—	—
As of 31 December 2023	13,584	49,757	63,341	958	1,985	2,943
Impairment losses recognised, net of reversal	1,050	(479)	571	(21)	—	(21)
Written off	(47)	—	(47)	—	—	—
As of 31 December 2024	14,587	49,278	63,865	937	1,985	2,922
Impairment losses recognised, net of reversal	4,545	(174)	4,371	51	(193)	(142)
Written off	—	(1,792)	(1,792)	—	(1,792)	(1,792)
As of 30 September 2025	19,132	47,312	66,444	988	—	988

- (ii) For the purposes of internal credit risk management, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, on which the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

For the purposes of internal credit risk management, the Group uses debtors’ aging information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2022, 2023 and 2024 and 30 September 2025, the Group has provided impairment allowance for other receivables of RMB929,000, RMB488,000, RMB353,000 and RMB245,000, respectively. As at 31 December 2022, 2023 and 2024 and 30 September 2025, the Company has provided impairment allowance for other receivables and amounts due from subsidiaries of RMB221,666,000, RMB223,668,000, RMB223,658,000 and RMB223,667,000, respectively.

Liquidity risk

In the management of liquidity risk, the Group’s and the Company’s management 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.

APPENDIX I

ACCOUNTANTS’ REPORT

The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the discounted amount is derived from interest rates existing at the end of the reporting period.

The Group

	On demand and less than 1 year	1 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2022					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	451,577	190,802	–	642,379	642,379
Borrowings	736,642	250,478	236,387	1,223,507	1,138,280
Lease liabilities	15,386	35,320	19,038	69,744	56,130
<i>Derivatives-net settlement</i>					
Derivative financial instruments	1,522	–	–	1,522	1,522
	<u>1,203,605</u>	<u>476,600</u>	<u>255,425</u>	<u>1,935,630</u>	<u>1,836,789</u>
As at 31 December 2023					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	357,555	415,193	–	772,748	772,748
Borrowings	841,119	681,490	231,844	1,754,453	1,638,719
Lease liabilities	13,657	30,252	12,516	56,425	46,136
	<u>1,212,331</u>	<u>1,126,935</u>	<u>244,360</u>	<u>2,583,626</u>	<u>2,457,603</u>
As at 31 December 2024					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	656,813	264,131	–	920,944	920,944
Borrowings	855,650	664,091	176,200	1,695,941	1,592,300
Lease liabilities	12,037	29,018	5,794	46,849	39,060
	<u>1,524,500</u>	<u>957,240</u>	<u>181,994</u>	<u>2,663,734</u>	<u>2,552,304</u>
As at 30 September 2025					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	699,974	112,985	–	812,959	812,959
Borrowings	874,522	718,654	155,646	1,748,822	1,647,589
Lease liabilities	12,543	27,641	1,564	41,748	35,119
<i>Derivative-net settlement</i>					
Foreign exchange forward contracts	415	–	–	415	415
	<u>1,587,039</u>	<u>859,280</u>	<u>157,210</u>	<u>2,603,529</u>	<u>2,495,667</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	On demand and less than 1 year	1 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	266,941	–	–	266,941	266,941
Borrowings	439,473	204,145	195,167	838,785	805,387
Lease liabilities	6,266	8,294	–	14,560	13,512
<i>Derivatives-net settlement</i>					
Derivative financial instruments	1,522	–	–	1,522	1,522
	<u>712,680</u>	<u>212,439</u>	<u>195,167</u>	<u>1,120,286</u>	<u>1,085,840</u>
As at 31 December 2023					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	132,360	–	–	132,360	132,360
Borrowings	404,162	225,841	170,950	800,953	768,147
Lease liabilities	6,772	5,232	–	12,004	11,392
	<u>543,294</u>	<u>231,073</u>	<u>170,950</u>	<u>945,317</u>	<u>911,899</u>
As at 31 December 2024					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	175,456	–	–	175,456	175,456
Borrowings	344,857	163,182	147,787	655,826	631,257
Lease liabilities	5,841	3,998	–	9,839	9,429
	<u>526,154</u>	<u>167,180</u>	<u>147,787</u>	<u>841,121</u>	<u>816,142</u>
As at 30 September 2025					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	152,730	–	–	152,730	152,730
Borrowings	326,117	215,912	131,263	673,292	646,567
Lease liabilities	4,966	748	–	5,714	5,568
<i>Derivative-net settlement</i>					
Foreign exchange forward contracts	415	–	–	415	415
	<u>483,813</u>	<u>216,660</u>	<u>131,263</u>	<u>831,736</u>	<u>804,865</u>

Capital risk management

The Group and the Company manages its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The Group’s and the Company’s overall strategy remains unchanged throughout each of the years/period ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025.

The capital structure of the Group and the Company consists of net debts, which includes, where appropriate, long-term payables and borrowings, net of cash and cash equivalent and equity attributable to the owners of the Company, comprising share capital, accumulated losses, various reserves and non-controlling interests.

The directors of the Company review the capital structure on regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and takes appropriate actions to balance its overall capital structure.

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Fair value measurement of financial instruments

Some of the Group’s and the Company’s financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group and the Company uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group and the Company establishes appropriate valuation techniques and inputs to the models utilised to estimate the fair value of the financial instruments.

The table below analyses the Group’s and the Company’s financial instruments carried at fair value on a recurring basis by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Information about the valuation techniques and inputs used in determining the fair value of various assets is disclosed below.

(i) *Fair value of financial instruments that are measured at fair value on a recurring basis*

Some of the Group’s and the Company’s financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

APPENDIX I

ACCOUNTANTS’ REPORT

	The Group				The Company				Fair value hierarchy	Valuation technique(s) and key input(s)
	Fair value				Fair value					
	As at 31 December		As at 30 September		As at 31 December		As at 30 September			
	2022	2023	2024	2025	2022	2023	2024	2025		
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000		
Financial assets at FVTPL . . .	138,075	66,707	50,377	54,672	138,075	66,707	50,377	54,672	Level 3	The fair value of the financial assets at FVTPL is determined by the net asset value of the private investment fund with underlying listed equity investments measured at fair value or by recent transaction of the entity's own securities. The fair value of listed equity instruments is determined by quoted bid prices in an active market. An increase/decrease in transaction prices by 10%, while other variables remain constant, would result in an increase/decrease in the fair value of the Group by RMB13,806,000, RMB6,671,000, RMB5,038,000 and RMB5,467,000 as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.
	49,653	21,830	22,156	24,945	-	-	-	2,500	Level 3	The fair value of the financial assets at FVTPL is determined by the net asset value of the entity measure by market approach or adjusted market price in relation to the lockup period. The key input for the fair value of the entity is the adjustment of liquidity discount. An increase/decrease in the liquidity discount by 10%, while other variables remain constant, would result in a decrease/increase in the fair value of the Group by RMB1,008,000, RMB448,000, RMB408,000 and RMB594,000 as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

	The Group				The Company				Fair value hierarchy	Valuation technique(s) and key input(s)
	Fair value				Fair value					
	As at 31 December		As at 30 September		As at 31 December		As at 30 September			
	2022	2023	2024	2025	2022	2023	2024	2025		
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000		
Equity instruments at FVTOCI	69,718	69,584	69,603	68,591	3,841	3,707	3,726	3,739	Level 3	The unlisted equity instruments are calculated based on price-to-earning ratio of comparable companies with an adjustment of discount for lack of marketability of underlying investment portfolio and adjustments of related expenses. An increase/decrease in price-to-earning ratio of comparable companies by 10%, while other variables remain constant, would result in an increase/decrease in the fair value of the Group by RMB4,801,000, RMB5,768,000, RMB5,672,000 and RMB5,065,000 as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively. An increase/decrease in adjustment of discount for lack of marketability by 10%, while other variables remain constant, would result in a decrease/increase in the fair value of the Group by RMB2,087,000, RMB1,745,000, RMB1,472,000 and RMB1,568,000 as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.
Trade and bill receivables at FVTOCI	93,025	115,868	149,261	114,990	9,963	901	142	1,502	Level 2	
Derivative financial instrument	—	—	419	—	—	—	419	—	Level 2	
— Assets	1,522	—	—	415	1,522	—	—	415	Level 2	
— Liabilities	—	—	—	—	—	—	—	—	Level 2	Discounted cash flow based on the contracted exchange rate and the forward rate

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Reconciliation of Level 3 fair value measurements

	The Group		The Company	
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at FVTPL	Financial assets at FVTOCI
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	140,354	69,560	100,626	3,683
Total gains				
– in profit or loss	45,672	–	39,689	–
– in other comprehensive income	–	158	–	158
Purchased	190,204	–	–	–
Disposal	(188,502)	–	(2,240)	–
At 31 December 2022	187,728	69,718	138,075	3,841
Total gains				
– in profit or loss	(98,729)	–	(69,666)	–
– in other comprehensive income	–	(134)	–	(134)
Purchased	496,896	–	–	–
Disposal	(497,358)	–	(1,702)	–
At 31 December 2023	88,537	69,584	66,707	3,707
Total gains				
– in profit or loss	(14,282)	–	(13,864)	–
– in other comprehensive income	–	19	–	19
Purchased	8,826	–	–	–
Disposal	(10,548)	–	(2,466)	–
At 31 December 2024	72,533	69,603	50,377	3,726
Total gains				
– in profit or loss	4,295	–	4,295	–
– in other comprehensive income	–	(1,012)	–	13
Purchased	2,789	–	2,500	–
At 30 September 2025	79,617	68,591	57,172	3,739

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amounts of the Group’s and the Company’s financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values at the end of each reporting period.

APPENDIX I

ACCOUNTANTS’ REPORT

(d) Transfers of financial assets

The following were the Group’s bills as at 31 December 2022, 2023 and 2024 and 30 September 2025 that were transferred to banks or suppliers by discounting or endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to the bills, it continues to recognise the full carrying amount of the related bills receivables and trade payables and has recognised the cash received from banks on the transfer as secured borrowings (note 32).

The Group

	Bills discounted to banks with recourse	Bills endorsed to suppliers with recourse	Total
	RMB'000	RMB'000	RMB'000
<u>As at 31 December 2022</u>			
Carrying amount of trade and bills receivables at FVTOCI.	8,133	1,867	10,000
Carrying amount of trade payables.	–	(1,867)	(1,867)
Carrying amount of borrowings	(8,133)	–	(8,133)
Net position	–	–	–
<u>As at 31 December 2023</u>			
Carrying amount of trade and bills receivables at amortised cost	–	2,161	2,161
Carrying amount of trade and bills receivables at FVTOCI.	66,000	40,018	106,018
Carrying amount of trade payables.	–	(42,179)	(42,179)
Carrying amount of borrowings	(65,169)	–	(65,169)
Net position	831	–	831
<u>As at 31 December 2024</u>			
Carrying amount of trade and bills receivables at amortised cost	–	500	500
Carrying amount of trade and bills receivables at FVTOCI.	67,381	5,250	72,631
Carrying amount of trade payables.	–	(5,750)	(5,750)
Carrying amount of borrowings	(67,381)	–	(67,381)
Net position	–	–	–
<u>As at 30 September 2025</u>			
Carrying amount of trade and bills receivables at FVTOCI.	102,334	7,988	110,322
Carrying amount of trade payables.	–	(7,988)	(7,988)
Carrying amount of borrowings	(102,334)	–	(102,334)
Net position	–	–	–

APPENDIX I

ACCOUNTANTS’ REPORT

42. 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 flows were, or the future cash flow will be, classified in the Group’s consolidated financial statement of cash flows from financing activities.

	Repurchase Obligation for Restricted Shares	Repurchase Obligation for Non- controlling Interests	Borrowings	Lease liabilities	Accrued issue costs	Total
	<i>RMB'000</i> <i>(note 29)</i>	<i>RMB'000</i> <i>(note 29)</i>	<i>RMB'000</i> <i>(note 32)</i>	<i>RMB'000</i> <i>(note 33)</i>	<i>RMB'000</i> <i>(note 29)</i>	<i>RMB'000</i>
At 1 January 2022	213,689	–	397,749	58,860	–	670,298
Financing cash flows	18,251	141,176	719,499	(17,962)	–	860,964
Finance cost and charges . .	–	–	34,815	4,152	–	38,967
Inception of leases <i>(note 43)</i>	–	–	–	11,080	–	11,080
Extinguishment of repurchase obligation upon transfer of shares to the grantees	(64,107)	–	–	–	–	(64,107)
Non-cash settlement of trade and bills receivables <i>(note 43)</i> . . .	–	–	(13,783)	–	–	(13,783)
At 31 December 2022 . . .	167,833	141,176	1,138,280	56,130	–	1,503,419
Financing cash flows	(4,861)	–	520,830	(17,520)	–	498,449
Finance cost and lease liability charges	–	–	74,382	3,488	–	77,870
Inception of leases <i>(note 43)</i>	–	–	–	4,038	–	4,038
Extinguishment of repurchase obligation upon transfer of shares to the grantees	(91,515)	–	–	–	–	(91,515)
Non-cash settlement of trade and bills receivables <i>(note 43)</i> . . .	–	–	(94,773)	–	–	(94,773)

APPENDIX I

ACCOUNTANTS’ REPORT

	Repurchase Obligation for Restricted Shares	Repurchase Obligation for Non- controlling Interests	Borrowings	Lease liabilities	Accrued issue costs	Total
	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 32)	RMB'000 (note 33)	RMB'000 (note 29)	RMB'000
At 31 December 2023 . . .	71,457	141,176	1,638,719	46,136	–	1,897,488
Financing cash flows . . .	(71,457)	–	(10,014)	(14,836)	–	(96,307)
Finance cost and lease liability charges	–	–	70,597	2,813	–	73,410
Inception of leases (note 43)	–	–	–	4,947	–	4,947
Non-cash settlement of trade and bills receivables (note 43) . . .	–	–	(107,002)	–	–	(107,002)
At 31 December 2024 . . .	–	141,176	1,592,300	39,060	–	1,772,536
Financing cash flows . . .	–	(30,000)	57,504	(9,821)	(14,498)	3,185
Finance cost and lease liability charges	–	3,286	53,166	1,852	–	58,304
Inception of leases (note 43)	–	–	–	4,028	–	4,028
Accrued issue costs	–	–	–	–	18,715	18,715
Non-cash settlement of trade and bills receivables (note 43) . . .	–	–	(55,381)	–	–	(55,381)
As at 30 September 2025 .	–	114,462	1,647,589	35,119	4,217	1,801,387
(Unaudited)						
As at 1 January 2024	71,457	141,176	1,638,719	46,136	–	1,897,488
Financing cash flows	(71,457)	–	(24,946)	(11,541)	–	(107,944)
Finance cost and lease liability charges	–	–	55,660	2,170	–	57,830
Inception of leases (note 43)	–	–	–	4,947	–	4,947
Non-cash settlement of trade and bills receivables (note 43) . . .	–	–	(95,021)	–	–	(95,021)
As at 30 September 2024 .	–	141,176	1,574,412	41,712	–	1,757,300

43. MAJOR NON-CASH TRANSACTIONS

During the years/period ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the Group entered into certain new lease agreements for the use of offices and dormitories. On the date of commencement of leases, the Group recognised right-of-use assets of RMB11,080,000, RMB4,038,000, RMB4,947,000, RMB4,947,000 (unaudited) and RMB4,028,000, and lease liabilities of RMB11,080,000, RMB4,038,000, RMB4,947,000, RMB4,947,000 (unaudited) and RMB4,028,000, respectively.

During the years/period ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, short-term borrowings on bills discounted with recourse of RMB13,783,000, RMB94,773,000, RMB107,002,000, RMB95,021,000 (unaudited) and RMB55,381,000, respectively, have been settled through bills receivables discounted to the relevant financial institutions.

APPENDIX I

ACCOUNTANTS’ REPORT

44. PARTICULARS OF SUBSIDIARIES

At the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of companies	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group					As at the date of this report	Legal form	Principal activities
			As at 31 December		As at 30 September					
			2022	2023	2024	2025				
		RMB'000								
Directly hold: 國民科技(深圳)有限公司 Nsing Technology (Shenzhen) Co., Ltd.* (<i>note a</i>)	Chinese Mainland 10 March 2009	RMB542,000,000	100%	100%	100%	100%	100%	100%	Limited liability company	Development and sales of chips products
國民技術(香港)有限公司 Nsing Technologies (Hong Kong) Limited* (“Nsing HK”) (<i>note c</i>)	Hong Kong 25 March 2011	US\$8,500,000	100%	100%	100%	100%	100%	100%	Limited liability company	Investment holding
深圳前海國民產業投資有限公司 Shenzhen Qianhai Nsing Industrial Investment Co., Ltd.* (<i>note a</i>)	Chinese Mainland 13 August 2015	RMB276,826,400	100%	100%	100%	100%	100%	100%	Limited liability company	Investment holding
福建省星民智聯科技有限公司 Fujian Xingmin Zhilian Technology Co., Ltd.* (“Fujian Xingmin”)	Chinese Mainland 14 July 2017	RMB30,000,000	60%	N/A	N/A	N/A	N/A	N/A	Limited liability company	Provision of technical and development services
				(<i>notes a and f</i>)						
NSING TECHNOLOGIES PTE. LTD, (formerly known as Nations Innovation Technologies Pte. Ltd.) (“NSING Technology”)	Singapore 1 February 2018	US\$15,000,000	100%	100%	100%	100%	100%	100%	Limited liability company	Development and sales of chip products
				(<i>note d</i>)						
廣東國民新能源科技有限公司 Guangdong Nsing New Energy Technology Co., Ltd.* (<i>note a</i>). 24 December 2021	Chinese Mainland 24 December 2021	RMB5,000,000	100%	100%	100%	100%	100%	100%	Limited liability company	Inactive

APPENDIX I

ACCOUNTANTS’ REPORT

Name of companies	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Legal form	Principal activities	
			As at 31 December		As at				
			2022	2023	2024	30 September 2025			
		RMB'000							
深圳市斯諾實業發展有限公司 Shenzhen Sinuo* (note a)	Chinese Mainland 7 February 2002	RMB53,333,333	95%	95%	95%	95%	95%	Limited liability company	Manufacturing and sales of lithium- ion battery anode material products
內蒙古斯諾新材料科技有限公司 Inner Mongolia Sinuo* (note a).	Chinese Mainland 30 March 2016	RMB116,776,253	82.8%	82.8%	82.8%	95.6%	95.6%	Limited liability company	Manufacturing and sales of lithium- ion battery anode material products
Indirectly hold: 民昇智能(深圳)有限公司 Minsheng Intelligence (Shenzhen) Co., Ltd.* (note a)	Chinese Mainland 24 December 2020	RMB5,000,000	100%	100%	100%	100%	100%	Limited liability company	Development and sales of chip products
Nations Technologies USA Inc. (note e)	USA 12 August 2010	US\$3,000,000	100%	100%	100%	100%	100%	Limited liability company	Inactive
Nsing Technologies Ltd. (note e)	Japan 28 March 2022	JPY40,000,000	100%	100%	100%	100%	100%	Limited liability company	Research and development of chip products
江西斯諾新能源有限公司 Jiangxi Sinuo New Energy Co., Ltd.* (note a)	Chinese Mainland 23 December 2014	RMB50,000,000	82.8%	82.8%	82.8%	95.6%	95.6%	Limited liability company	Manufacturing and sales of lithium- ion battery anode material products
湖北斯諾新材料科技有限公司 Hubei Sinuo New Material Technology Co., Ltd.* (“Hubei Sinuo”) (note b)	Chinese Mainland 24 March 2022	RMB500,000,000	82.8%	82.8%	82.8%	95.6%	95.6%	Limited liability company	Manufacturing and sales of lithium- ion battery anode material products

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (a) The statutory financial statements of the above subsidiaries incorporated in Chinese Mainland for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and audited by Zhongxingcai Guanghua Certified Public Accountants LLP (中興財光華會計師事務所(特殊普通合伙)).
- (b) The statutory financial statements of Hubei Sinuo incorporated in Chinese Mainland for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC. The statutory financial statements for the year ended 31 December 2022 were audited by Zhongxingcai Guanghua Certified Public Accountants LLP (中興財光華會計師事務所(特殊普通合伙)) while the statutory financial statements of Hubei Sinuo for the years ended 31 December 2023 and 2024 were audited by Wuhan Wanli Certified Public Accountants Limited (武漢市萬里會計師事務所有限公司), respectively.
- (c) The statutory financial statements of Nsing HK for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards and audited by Morison Heng CPA Limited.
- (d) The statutory financial statements of NSING Technologies for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with Financial Reporting Standards in Singapore. The statutory financial statements for the years ended 31 December 2022 and 2023 were audited by Shine Wing LLP Chartered Accountants of Singapore while the statutory financial statements of NSING Technologies for the year ended 31 December 2024 were audited by Tan, Chan & Partners Public Accountants and Chartered Accountants, respectively.
- (e) No statutory financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024 as there were no statutory requirement for preparing statutory financial statements.
- (f) During the year ended 31 December 2023, Fujian Xingmin was deregistered.
- (g) None of the subsidiaries had issued any debt securities at 31 December 2022, 2023 and 2024 and 30 September 2025.

* English name is for identification purpose only.

APPENDIX I

ACCOUNTANTS’ REPORT

45. PLEDGE OF ASSETS

At 31 December 2022, 2023 and 2024 and 30 September 2025, certain assets of the Group were pledged to issuance of bank acceptance bills and secure banking and other facilities granted to the Group at the end of the reporting period:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	430,658	778,586	805,155	755,897
Right-of-use assets	19,999	59,313	56,101	54,094
Investment properties	200,593	177,986	168,662	166,600
Trade and bills receivables at FVTOCI	68,308	66,348	71,771	102,334
Restricted bank balances	69,978	28,375	101,800	105,552
	<u>789,536</u>	<u>1,110,608</u>	<u>1,203,489</u>	<u>1,184,477</u>

46. OPERATING LEASES

The Group as lessor

All of the properties held for rental purposes have committed lessees for the next 1 to 8 years respectively. Minimum lease payments receivable on leases are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	8,964	9,723	6,229	6,048
In the second year	9,911	10,358	8,233	6,613
In the third year	10,560	10,475	8,215	5,064
In the fourth year	10,676	10,603	6,823	5,325
In the fifth year	10,819	8,585	7,298	5,414
After five years	25,295	16,070	5,474	—
	<u>76,225</u>	<u>65,814</u>	<u>42,272</u>	<u>28,464</u>

47. CAPITAL AND OTHER COMMITMENTS

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration committed in respect of acquisition of plant and equipment contracted for but not provided in the Historical Financial Information	<u>343,770</u>	<u>266,276</u>	<u>125,987</u>	<u>144,198</u>
Consideration committed in respect of equity investments contracted for but not provided in the Historical Financial Information . .	<u>3,525</u>	<u>3,525</u>	<u>13,525</u>	<u>7,500</u>

APPENDIX I

ACCOUNTANTS’ REPORT

48. EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed elsewhere in the Historical Financial Information, there have been no material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with IFRS Accounting Standards.

49. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries of the Group in respect of any period subsequent to 30 September 2025.

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

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APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

[REDACTED]

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 November 2025 of the selected property interest held by NSING TECHNOLOGIES INC.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

[Date]

The Board of Directors
NSING TECHNOLOGIES INC.
Room 1918, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Dear Sirs,

In accordance with your instructions to value the selected property interest held by NSING TECHNOLOGIES INC. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 30 November 2025 (the “**valuation date**”).

The selected property interest forms part of property activities that has a carrying amount of 1% or more of the Group’s total assets and therefore the valuation report of this property interest is required to be included in this document.

The property interests not valued that form part of property activities have carrying amount below 1% of the Group’s total assets and total carrying amount of property interests not valued that form part of property activities is less than 10% of the Group’s total assets as at the valuation date. No single property interest that forms part of non-property activities had a carrying amount of 15% or more of total assets of the Group.

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

APPENDIX III

PROPERTY VALUATION REPORT

We have valued the property interest by the income approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown a copy of Real Estate Title Certificate and survey report relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC Legal Advisors — Han Kun Law Offices, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

APPENDIX III

PROPERTY VALUATION REPORT

Inspection of the property was carried out on 19 June 2025 by Mr. Edward Ye. He has more than 7 years’ experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note “Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)”.

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realizable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS R.P.S. (GP)

Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 31 years’ experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2025 <i>RMB</i>

7 office units and a retail unit of Nsing Tower No. 109 Baoshen Road Nanshan District Shenzhen City Guangdong Province The PRC	Nsing Tower is located at No. 109 Baoshen Road, Nanshan District, Shenzhen City. It is well-served by public transportation with about 30 minutes’ driving distance to Shenzhen Bao’an International Airport and about 40 minutes’ driving distance to Shenzhen North Railway Station. The locality of the property is a well-developed commercial area with various office buildings served by public facilities and transportation.	As at the valuation date, portions of the property were rented to a third party for office purpose, the remaining portion of the property was vacant.	165,400,000

Nsing Tower occupies a parcel of land with a site area of approximately 5,000.39 sq.m., which has been developed into a 22-storey industrial-office building with a total gross floor area of approximately 29,344.65 sq.m., completed in 2018.

The property comprises 7 office units on the whole of Levels 9 to 10 and Levels 12 to 16 and a retail unit on Level 1 with a total gross floor area of approximately 9,884.45 sq.m. The details are set out as follows:

Usage	Floor Level	Gross Floor Area (sq.m.)
Office	Levels 9-10 and 12-16	9,758.21
Retail	Level 1	126.24
Total:		9,884.45

The land use rights of the property has been granted for a term of 30 years expiring on 26 May 2045 for industrial use.

APPENDIX III

PROPERTY VALUATION REPORT

Notes:

1. Pursuant to a Real Estate Title Certificate — Yue (2019) Shen Zhen Shi Bu Dong Chan Quan No. 0015070, Nsing Tower with a total gross floor area of approximately 29,344.65 sq.m. (including the property) is owned by the Company. The relevant land use rights have been granted to the Company for a term of 30 years expiring on 26 May 2045 for industrial use.
2. Pursuant to a Tenancy Agreement and its supplementary agreements, various office units of the property with a total gross floor area of approximately 4,181.76 sq.m. were leased to an independent third party for a term expiring on 30 September 2030. The total monthly rent as at the valuation date was approximately RMB275,000, exclusive of management fees, water and electricity charges.
3. According to a mortgage contract, the property is subject to a mortgage in favor of China CITIC Bank Corporation Limited, Shenzhen Branch.
4. Our valuation has been made on the following basis and analysis:
 - a. We have considered the actual rents in the existing tenancy agreements (if any) and also compared with similar developments which are located in the similar areas as the office/retail units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;
 - b. The unit rent of these comparable office or retail units ranges from RMB125 to RMB131 per sq.m. per month for office units and RMB160 to RMB200 per sq.m. per month for retail unit on the first floor; and
 - c. Based on our research on industrial-office and retail markets in the surrounding area of the property, the stabilized market yield ranged from 4.0% to 5.0%.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Advisors, which contains, *inter alia*, the following:
 - a. The ownership rights of the property are legally valid; and
 - b. Subject to (i) the registered mortgage mentioned in note 3, (ii) the terms of the relevant mortgage contract, (iii) the provisions of Real Estate Title Certificate, and (iv) the contract when the Company obtained the property, the Company may legally enjoy the rights possessed by the property owner and is entitled to dispose of and use the property in accordance with the PRC laws.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

PRC TAXATION

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 law and practice and has not taken into account the expected change or amendment to the relevant laws or policies. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, which is subject to change 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, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation on Dividends

Individual Investors

Under the provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), last amended on August 31, 2018, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), last amended on December 18, 2018 (collectively referred to as the “IIT Law”), dividends disbursed by Chinese enterprises are subject to a flat individual income tax 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》) jointly issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

According to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》), which came into effect on January 1, 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of “self-assessment, claiming benefits, retention of the relevant materials for future inspection”. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities. For withholding at source and designated withholding, a non-resident taxpayer asserting that it satisfies the criteria for claiming treaty benefits and need to claim such benefits shall complete an “Information Report on Non-resident Taxpayers Claiming Treaty Benefits” truthfully, submit to the withholding agent voluntarily, gather and retain the relevant materials pursuant to the relevant provisions.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents, including both natural persons and legal entities. The tax levied shall not exceed 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company and meets certain conditions as the beneficial owner of the equity, the tax imposed shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), in effect since December 6, 2019, introduces specific criteria determining entitlement to treaty benefits. According to this protocol, treaty benefits will not be granted if, upon careful consideration of all relevant facts and conditions, it is reasonably determined that obtaining these benefits was a primary purpose of the arrangement or transactions, thereby providing direct or indirect benefits under the Arrangement. Exceptions are made when such benefits align with the Arrangement’s relevant objectives and goals.

Additionally, the application of the dividend clause of tax agreements is bound by the stipulations outlined in the PRC tax laws and regulations, including the guidelines specified in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81). Compliance with these regulations is essential in determining the taxation applicable to dividends under the Arrangement.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

Enterprise Investors

Pursuant to the provisions outlined in the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), enacted by the National People’s Congress of the PRC (NPC) on March 16, 2007, and enforced from January 1, 2008, subsequently amended on February 24, 2017, and December 29, 2018, and in alignment with the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, last amended on December 6, 2024 and effective on January 20, 2025 (collectively referred to as the “EIT Law”), it is established that a non-resident enterprise is generally liable to a 10% enterprise income tax on income sourced within the PRC. Such income includes dividends and bonuses received from a PRC resident enterprise. This taxation applies to non-resident enterprises that lack a physical establishment or premises in the PRC. Alternatively, if an establishment or premise exists within the PRC, but the PRC-sourced income is unrelated to said establishment or premise, it is subject to the aforementioned taxation.

The withholding tax for non-resident enterprises is mandated to be deducted at the source, whereby the entity making the payment assumes the role of the withholding agent. Consequently, the withholding agent is obligated to withhold the income tax from the payment or due payment each time it is disbursed or becomes due.

The Circular of the State Taxation Administration (STA) on Issues Relating to the Withholding and Remitting of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the STA and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394) which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with relevant jurisdictions, where applicable. Accordingly, dividends paid to non-PRC resident enterprise (including HKSCC Nominees) shall be subject to withholding enterprise income tax at a rate of 10%.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the PRC Government is authorized to impose taxes on dividends disbursed by a PRC company to Hong Kong residents, including both individuals and legal entities, not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax shall not surpass 5% of the total dividends if the Hong Kong resident qualifies as the beneficial owner of the equity, and specific conditions are met.

Furthermore, the Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, introduces additional criteria for qualifying for treaty benefits. While other provisions may exist within the Arrangement, treaty benefits shall not be granted for relevant gains if, based on all relevant facts and conditions, it is reasonably determined that one of the main purposes of the arrangement or transactions, which result in direct or indirect benefits under the Arrangement, is to obtain such treaty benefits. This exception applies unless the grant of benefits aligns with the objectives and goals outlined in the Arrangement.

It is important to note that the application of the dividend clause of tax agreements is contingent upon compliance with PRC tax laws and regulations, including the guidelines provided in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-resident investors residing in jurisdictions that have established treaties or arrangements for the avoidance of double taxation with the PRC may qualify for a reduction in the PRC enterprise income tax levied on dividends received from PRC companies. Currently, the PRC has entered into Avoidance of Double Taxation Treaties or Arrangements with several countries and regions, including the Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Non-PRC resident enterprises eligible for preferential tax rates under these relevant taxation treaties or arrangements are required to submit an application to the PRC tax authorities for a refund of the enterprise income tax that exceeds the agreed tax rate. The approval of the refund application is subject to the evaluation and decision of the PRC tax authorities.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Under the guidelines outlined in the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (referred to as “Circular 36”), effective from May 1, 2016, and subsequently amended on July 11, 2017, December 25, 2017, and March 20, 2019, individuals and entities conducting service transactions within the PRC are obligated to pay Value-Added Tax (VAT). “Sales of services within the PRC” are defined as transactions where either the service provider or the recipient is situated within the PRC.

Furthermore, Circular 36 specifies that the transfer of financial products, including the ownership transfer of marketable securities, is subject to a VAT rate of 6% on the taxable income. Taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, in accordance with the Circular of the Ministry of Finance (MOF) and the STA on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

As of the Latest Practicable Date, there are no provisions expressly stating that individual income tax shall be imposed on non-PRC resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

Enterprise investors

In accordance with the EIT Law, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments.

The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

In compliance with the PRC Stamp Duty Law (《中華人民共和國印花稅法》), as issued by the SCNPC on June 10, 2021, and enforced from July 1, 2022 (referred to as the “Stamp Duty Law”), all entities and individuals involved in securities transactions within the PRC are obligated to pay stamp duty as per the regulations outlined in the Stamp Duty Law. Consequently, the stipulations concerning stamp duty applied to the transfer of shares of PRC-listed companies do not extend to the transfer and disposal of H Shares by non-PRC investors outside the PRC.

Estate duty

Under prevailing PRC legislation, there is presently no imposition of estate duty within the jurisdiction.

Major Taxes on the Company in the PRC

Please refer to the section headed “Regulatory Overview” of this document.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People’s Bank of China (the “PBOC”), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations of the PRC on the Management of Foreign Exchange (《中華人民共和國外匯管理條例》, the “Regulations on the Management of Foreign Exchange”), which was promulgated by the State Council on January 29, 1996 and effective on April 1, 1996, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administrative authorities, while capital items are subject to the approval of foreign exchange administrative authorities. According to the Regulations on the Management of Foreign Exchange as amended on January 14, 1997 and August 5, 2008, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》, the “Settlement Regulations”), which was promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16), which was issued by the PBOC on July 21, 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies from July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

On August 5, 2008, the State Council promulgated the revised Regulation on the Management of Foreign Exchange, which has made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, it has improved the RMB exchange rate formation mechanism based on market supply and demand; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment from foreign exchange accounts opened at the designated foreign exchange banks, on the strength of valid transaction receipt or proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the Board of Directors or the shareholders’ meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE implemented the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), pursuant to which, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the PRC or deposited overseas, but the use of the proceeds shall be consistent with the contents as specified in the document and other disclosure documents.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders’ meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, and amended on December 30, 2019, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled, the foreign exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions’ actual requirements for business operation. The proportion of discretionary settlement of domestic institutions’ foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner’s equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which stipulated that on the basis that investing foreign-funded enterprises may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

APPENDIX V 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 IV — 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 [REDACTED] 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 [REDACTED]. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview” in this document.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “Constitution”) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (2023 Revision) (《中華人民共和國立法法(2023修正)》) (the “Legislation Law”), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The SCNPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

into districts, those provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people’s congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people’s governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people’s congresses of provinces or autonomous regions to resolve the issue. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people’s governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People’s Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People’s Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The PRC Judicial System

Under the Constitution, the Law of Organization of the People’s Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People’s Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people’s courts of the PRC are classified into the Supreme People’s Court, the local people’s courts at various levels, and other special people’s courts. The local people’s courts at various levels are divided into three levels, namely, the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The primary people’s courts may set up a number of people’s tribunals based on the facts of the region, population and cases. The Supreme People’s Court is the highest judicial authority. The Supreme People’s Court shall supervise the judicial work of the local people’s courts at all levels and special people’s courts, and people’s courts at higher levels shall supervise the judicial work of people’s courts at lower levels. The Chinese People’s Procuratorates are divided into the Supreme People’s Procuratorate, local people’s procuratorates at various levels, and specialized people’s procuratorates such as the Military Procuratorate. The Supreme People’s Procuratorate is the highest procuratorial organ. The Supreme People’s Procuratorate directs the work of the local people’s procuratorates and specialized people’s procuratorates at all levels, and the people’s procuratorates at higher levels direct the work of the people’s procuratorates at lower levels.

The people’s court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people’s court are final. The parties may appeal against the judgment or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s court are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court are final. The first judgments or rulings of the Supreme People’s Court are also final. However, if the Supreme People’s Court or a people’s court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people’s court at a lower level, or the presiding judge of a people’s court discovers an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “PRC Civil Procedure Law”) adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each party to a civil action conducted within the PRC must comply with the relevant provisions of the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The Company Law of the PRC, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for the Articles of Association of Listed Companies

The Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “PRC Company Law”) was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised PRC Company Law has been implemented on July 1, 2024.

On February 17, 2023, CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

On March 28, 2025, the CSRC Promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidelines for the Articles of Association”). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules — Overseas Listing Category No. 1, domestic enterprises that are directly listed overseas shall formulate its Articles of Association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Incorporation

A joint stock limited company may be incorporated by promotion or raising. A joint stock limited company shall be incorporated by one to 200 promoters, provided that at least more than half of the promoters must reside in the PRC. Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association. If a joint stock limited company is to be established by means of raising, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

A document shall be published and a subscription letter shall be prepared when the promoters offer shares to the public. The subscriber shall fill in the number of shares subscribed for, amount and domicile and affix his/her signature or seal to the subscription letter. The subscriber shall make full payment for the shares subscribed for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established under PRC laws, and an underwriting agreement shall be concluded thereon. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the share capital for a public offering has been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The Board of Directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority.

A company's promoter shall be liable for the followings: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (2) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights or creditor’s rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the PRC Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the type and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

Increase of Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholder’s meeting. The Articles of Association or the shareholders’ meeting may authorize the Board of Directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders’ meeting. Where the Board of Directors is authorized and decides to issue shares, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders’ meeting may not be needed to revise such item set forth in the Articles of Association of the company. Where the Articles of Association or the shareholders’ meeting of a company authorizes the Board of Directors to decide on issuing new shares, a resolution of the Board of Directors shall be adopted by two thirds of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders’ information and other information.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Reduction of Share Capital

The company may reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

- (I) the company shall prepare a balance sheet and an inventory of properties;
- (II) make a resolution at a shareholders’ meeting to reduce the registered capital;
- (III) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;
- (IV) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and
- (V) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the Articles of Association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the PRC Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, the item (III) and item (IV) mentioned above shall not apply, but the resolution to reduce the registered capital shall be made by the shareholders’ meeting within 30 days from the date of the announcement in the newspapers or on the National Enterprise Credit Information Publicity System. After a company reduces its registered capital in accordance with the provisions of the preceding paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company’s registered capital.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Repurchase of Shares

Under the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

- (I) reduction of the registered capital of the company;
- (II) merger with another company that holds its shares;
- (III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;
- (IV) request from shareholders who object to a resolution of a shareholders’ meeting on merger or division of the company to acquire their shares by the company;
- (V) use of shares for conversion of convertible corporate bonds issued by the listed company; and
- (VI) it is necessary for a listed company to maintain its company value and protect its shareholders’ equity.

A resolution of a shareholders’ meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (I) or item (II) above; for a company’s repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company’s Articles of Association or as authorized by the shareholders’ meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (I) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company’s total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders’ meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders’ meeting, provide financial aids for others

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds of all the directors.

A listed company purchasing its own shares shall perform information disclosure obligations in accordance with the Securities Law of the PRC. A listed company purchasing its own shares for reasons specified in the case of item (III), item (V) and item (VI) above shall purchase the shares in a public and centralized trading manner.

Transfer of Shares

The shares held by a shareholder of a company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the Articles of Association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the Articles of Association. Under the PRC Company Law, a shareholder should effect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors and senior management of the company shall declare to the company the shares they hold and the changes thereof during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The Articles of Association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors and the senior management. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Shareholders

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights:

- (I) to be legally entitled to assets income, participate in significant decision-making and select management personnel;
- (II) to petition the people’s court to revoke any resolution of a shareholders’ meeting, a shareholders’ meeting or a meeting of the Board of Directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the Articles of Association of the company, or any resolution the contents of which is in violation of the laws, administrative regulations or the Articles of Association of the company, provided that such petition shall be submitted to the people’s court within 60 days of the passing of such resolution;
- (III) to transfer his/her shares legally;
- (IV) to attend or appoint a proxy to attend shareholders’ meeting and exercise the voting rights;
- (V) to inspect and copy the Articles of Association of the company, share register, the minutes of shareholders’ meeting, board resolutions, the financial and accounting reports, and to make suggestions or inquiries in respect of the company’s operations;
- (VI) to receive dividends in respect of the number of shares held;
- (VII) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and
- (VIII) any other shareholders’ rights provided for in laws, administrative regulations, other normative documents and the Articles of Association of the company.

The obligations of shareholders include the obligation to abide by the Articles of Association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company’s responsibilities in respect of the shares taken up by them and any other shareholder obligation specified in the Articles of Association of the company.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Shareholders’ meeting

The shareholders’ meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders’ meeting may exercise its powers:

- (I) to elect or replace the directors and to decide on their remunerations;
- (II) to consider and approve the reports of the Board of Directors;
- (III) to consider and approve the company’s profit distribution and loss recovery proposals;
- (IV) to decide on any increase or reduction of the company’s registered capital;
- (V) to decide on the issue of corporate bonds;
- (VI) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (VII) to amend the Articles of Association of the company; and
- (VIII) to exercise any other authority stipulated in the Articles of Association of the company.

The shareholders’ meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a shareholders’ meeting is required to be held once a year within six months after the end of the previous accounting year. An interim shareholders’ meeting is required to be held within two months upon the occurrence of any of the following:

- (I) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;
- (II) the total outstanding losses of the company amounted to one-third of the company’s total capital stock;
- (III) shareholders individually or in aggregate holding 10% or more of the company’s shares request to convene an interim shareholders’ meeting;
- (IV) the Board of Directors deems necessary;
- (V) the Audit Committee so proposes; or
- (VI) any other circumstances as provided for in the Articles of Associations of the company.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

A shareholders’ meeting is convened by the Board of Directors and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by more than half of directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders’ meeting, the Audit Committee shall convene and preside over such meeting in a timely manner; if the Audit Committee fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company’s shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an interim shareholders’ meeting, the Board of Directors and the Audit Committee shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders’ meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders’ meeting is convened. Notice of the interim shareholders’ meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders’ meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the shareholder’s meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the shareholders’ meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The shareholders’ meeting shall not make any resolution on any matter not specified in the notice.

According to the PRC Company Law, shareholders present at shareholders’ meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors at the shareholders’ meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders’ meeting. Under the accumulative voting system, when the shareholders’ meeting elects directors, each share has the same voting rights as the number of directors to be elected, and the voting rights owned by shareholders can be used collectively.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the PRC Company Law, the passing of any resolution at the shareholder’s meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholder’s meeting except in cases of proposed amendments to a Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder’s meeting.

Minutes shall be prepared in respect of matters considered at the shareholders’ meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders’ attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the Board of Directors and have one director to exercise the functions and powers of the Board of Directors as prescribed by the PRC Company Law. If the Board of Directors of a company has more than three members, it may include an employees’ representative of the company. The employees’ representatives in the Board of Directors shall be democratically elected by the employees through the employees’ representative congress, employees’ congress or by other means.

The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the day when the company receives the notice.

However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue performing his/her duties.

Under the PRC Company Law, the Board of Directors may exercise the following powers:

- (I) to convene shareholders’ meeting and report on its work to the shareholders’ meeting;
- (II) to implement the resolutions passed by the shareholders at the shareholders’ meeting;

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- (III) to decide on the Company’s operational plans and investment proposals;
- (IV) to formulate the Company’s proposals for profit distribution and for recovery of losses;
- (V) to formulate proposals for the increase or reduction of the Company’s registered capital and the issue of corporate bonds;
- (VI) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;
- (VII) to decide on the setup of the Company’s internal management organs;
- (VIII) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company’s deputy general manager and financial officer and his/her remuneration matters;
- (IX) to formulate the Company’s basic management system; and
- (X) other authority stipulated in the Articles of Association or granted by the shareholders’ meeting.

Any restrictions on the functions and powers of the Board of Directors set out in the Articles of Association may not be asserted against any bona fide third party.

Under the PRC Company Law, a company may, under the Articles of Association, set up an Audit Committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. It may not have a Board of Supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the Board of Directors of the company, an employees’ representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the Articles of Association, unless it is otherwise provided under the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Meeting of the Board of Directors shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Audit Committee Members 10 days before the meeting. Interim board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Audit Committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the board meeting. The Board of Directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the Board of Directors.

No meeting of the Board of Directors may be held unless more than half of the directors are present. A resolution made by the Board of Directors shall be adopted by more than half of all the directors. For voting on a resolution of the Board of Directors, each director shall have one vote. The Board of Directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the Board of Directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the Board of Directors. Where a resolution of the Board of Directors is in violation of any law, administrative regulation, Article of Association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the PRC Company Law, the following person may not serve as a director of the company:

- (I) devoid of or with restricted civil conduct ability;
- (II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence;
- (III) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- (IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and
- (V) being listed as a dishonest person subject to enforcement by the people’s court due to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

In addition, the Guidelines for Articles of Association of Listed Companies further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (1) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (2) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

Under the PRC Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meeting and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

The Audit Committee

Under the PRC Company Law, where a joint stock limited company does not have the Board of Supervisor, the Audit Committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

Among the members of the Board of Directors of the company, an employees’ representative may become a member of the Audit Committee. A resolution made by the Audit Committee shall be adopted by more than half of the members thereof. For voting on a resolution of the Audit Committee, each member shall have one vote. The discussion methods and voting procedures of the Audit Committee shall be prescribed in the Articles of Association, unless it is otherwise provided for by the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Manager and Senior Management

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the Board of Directors. The manager shall be responsible to the Board of Directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager shall attend the meeting of the Board of Directors as a non-voting member.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the Board of Directors of a listed company and other personnel as stipulated in the Articles of Association.

Duties of Directors, General Managers and Other Senior Management

Directors and senior management shall comply with laws, administrative regulations and the Articles of Association.

Directors and senior management shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. The directors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

The provisions of the preceding paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but actually executes the affairs of the company.

In the meantime, directors and senior management are prohibited from:

- (I) embezzling the property or misappropriating the funds of the company;
- (II) depositing company funds into accounts under their own names or the names of other individuals;
- (III) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;
- (IV) accept commissions from transactions between others and the company for their own benefits;
- (V) unauthorized divulgence of confidential information of the company; and
- (VI) other acts in violation of their duty of loyalty to the company.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

A director or senior management who contravenes laws, administrative regulations or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director or senior management is required to attend a shareholders’ meeting, such director or senior management shall attend the meeting and answer the inquiries from shareholders. The Audit Committee may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the Audit Committee, none of them may impede the exercise of powers by the Audit Committee or Audit Committee Members.

Where the directors and senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the Audit Committee to initiate proceedings in the people’s court.

Upon receipt of shareholders’ written request stipulated in the preceding paragraph, if the Audit Committee or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people’s court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people’s court in accordance with the procedure described above. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people’s court.

If a director or senior management of a wholly-owned subsidiary of the company violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholders of a limited liability company or shareholders of a joint stock limited company individually and jointly holding 1% or more of the total shares of the company for 180 consecutive days or more may request the Audit Committee or the Board of Directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people’s court or directly files a lawsuit with the people’s court in their own name.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Finance, Accounting and Profit Distribution

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company’s financial and accounting reports shall be made available for shareholders’ inspection at the company within 20 days before the convening of an annual shareholder’s meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year’s after-tax profits, the company shall set aside 10% of its after-tax profits for the company’s statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the PRC company’s registered capital, it may no longer be allocated. When the company’s statutory common reserve fund is not sufficient to make up for the company’s losses for the previous years, the current year’s profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders’ meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association. Profit shall not be distributed for a company’s shares held by this company.

Where a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors and senior management shall be held liable for compensation if any loss is caused to the company.

If the shareholders’ meeting resolves to distribute profits, the Board of Directors shall do so within six months after the resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the Board of Directors the Audit Committee in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board of Directors the Audit Committee conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or misrepresentation of information.

Amendment to Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's Articles of Association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association approved by the resolution of the shareholders' meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

- (I) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;
- (II) the shareholders’ meeting has resolved to dissolve the company;
- (III) the company is dissolved by reason of its merger or division;
- (IV) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or
- (V) Where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people’s court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in Items (I) or (II) of the paragraph above and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders’ meeting.

To modify its articles of association or make a resolution of the shareholders’ meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders’ meeting is required.

Where the company is dissolved under the circumstances set forth in item (I), (II), (IV) or (V) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company’s Articles of Association or it is otherwise elected by the shareholders’ meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The liquidation committee may exercise the following powers during the liquidation:

- (I) to verify the Company’s assets and to prepare a balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with and settle any outstanding business of relevant company;
- (IV) to pay all outstanding taxes and the taxes arising during the liquidation process;
- (V) to settle claims and debts;
- (VI) to distribute the company’s remaining assets after its debts have been paid off; and
- (VII) to represent the company in civil lawsuits.

The liquidation committee shall notify the company’s creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

The creditors shall explain matters relating to their claims and provide evidential documents. The liquidation committee shall register the creditor’s claims. In the claims declaration period, the liquidation committee shall not make repayment to the creditors.

Upon disposal of the company’s property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders’ meeting or a people’s court for endorsement. The remaining part of the company’s assets, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company’s property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Where the liquidation group finds that the property of the company is not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people’s court for bankruptcy liquidation. After the people’s court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders’ meeting or the people’s court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon a commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people’s court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people’s court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company’s assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company’s division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating, and supervising all securities related institutions in the PRC, and administering CSRC. The CSRC is the regulatory executive body of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The Securities Law of the PRC (《中華人民共和國證券法》) (the “PRC Securities Law”) took effect on July 1, 1999, and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revised PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances:

- (I) the listing and financing fall under specific prohibition in the laws, administrative regulations, and relevant national provisions;
- (II) the overseas offering and listing may constitute endangerment to national security as reviewed and determined by competent authorities under the State Council in accordance with law;
- (III) the domestic company and its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;
- (IV) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- (V) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

- (I) change of control;
- (II) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;
- (III) change of the listing status or transfer of listing board;
- (IV) voluntary or compulsory termination of listing.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises, which was issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “PRC Arbitration Law”) was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The PRC Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties had entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people’s court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people’s court for its enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”) adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC’s accession to the Convention, the SCNPC declared that (I) the PRC would only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (II) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People’s Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People’s Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People’s Court of China issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which took into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

arbitration awards are also enforceable in Mainland China. Where a court of the Mainland China finds that enforcement in the Mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the Mainland China, execution of the ruling may be ignored.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People’s Court on January 25, 2024 and implemented on January 29, 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of this Arrangement, judgments that can be recognized and enforced in both places are those made by mainland and Hong Kong SAR courts on or after January 29, 2024. The mutually recognized and enforced judgments include monetary judgments and non-monetary judgments.

APPENDIX VI

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.

ISSUANCE OF SHARES

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 [REDACTED]. [REDACTED] shall pay the same [REDACTED] for each share [REDACTED] for.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the share capital by the following ways upon approval of resolutions at the Shareholders’ meetings:

- (i) issuing shares to unspecified parties;
- (ii) issuing shares to specific targets;
- (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 or approved by the CSRC and other securities regulatory bodies in the places where the shares of the company are listed.

The Company may decrease the registered share capital and shall comply with the procedures stipulated in Company Law of the PRC and other regulations, the Articles of Association.

Repurchase of Shares

The Company shall not repurchase its own shares, unless otherwise under the circumstances:

- (i) reducing the Company’s registered share capital;
- (ii) merging with other companies which hold our shares;
- (iii) using the shares as an employee stock ownership plan or equity incentive plan;

APPENDIX VI

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.

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 at stock exchange or by way of offer.

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, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the applicable securities regulatory rules of the place where the Company's shares are listed.

After the Company has repurchased its own shares in accordance with the circumstances above, 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.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws..

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 transferrable by them during each year of their tenures shall not exceed 25% of their total holdings of shares 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.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

Any gains from sale of Company’s shares or other securities with the equity nature by the Directors and senior management members or shareholders holding 5% or more of the Company’s shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with the equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company. However, there is an exception for securities companies that hold more than 5% of the shares due to the purchase of surplus shares after the package sale, and other circumstances stipulated by the securities regulatory authority of the State Council.

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 in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS

Shareholders

The Company shall establish 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. 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.

The original register of Shareholders of H shares 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 person who is a shareholder registered on the register of shareholders of H shares or who requests his/her/its name be entered in the register of shareholders of H shares may, if his/her/its share certificate relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares. Application by a holder of overseas listed shares, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of overseas listed shares is maintained, the rules of the stock exchange or other relevant regulations.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

The rights of our shareholders are as follows:

- (i) to receive dividends and other forms of interest distribution according to the number of shares held;
- (ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders' meeting and exercise corresponding voting rights;
- (iii) to supervise operational activities of the 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 read and copy the Articles of Association, the register of shareholders, Shareholders' meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports; qualified shareholders may inspect the Company's accounting 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 Shareholders' meeting concerning the merger and division of the Company;
- (viii) other rights conferred by laws, administrative regulations, regulations of the authorities, securities 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 comply with the provisions of the Securities Law and related laws and administrative regulations, and 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.

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, except where the procedures for convening a meeting of the Shareholders' meeting or the Board meeting or the voting method only has some minor defects, which produces no substantial effect on the resolution.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

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 Shares 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) other obligations conferred by laws, administrative regulations, securities regulatory rules where our Company's shares are listed, or 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.

General Provisions for Shareholders' meetings

The Shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with applicable laws and regulations:

- (i) to elect or remove the Directors 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;

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (viii) resolution on appointment and dismissal of an accounting firm by the Company;
- (ix) to examine and approve the provision of guarantees stipulated in Article 47;
- (x) 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;
- (xi) to examine and approve matters relating to changes in the use of proceeds;
- (xii) to examine and approve the equity incentive plans and employee stock ownership plans;
- (xiii) the annual Shareholders’ meeting may authorize the Board of Directors to decide on non-public issuance of shares, with the total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets as audited in the latest fiscal year, and such authorization shall expire on the date of the next annual Shareholders’ meeting;
- (xiv) To examine other matters as required by the laws, administrative regulations, departmental rules, the Articles of Association of the Company or the securities regulatory rules of the place where the Company’s shares are listed, which shall be decided by the Shareholders’ meeting.

The shareholders’ meeting may authorize the Board of Directors to make resolutions on issuance of bonds by the Company. Unless otherwise provided for by laws, administrative regulations or the provisions of the CSRC or the rules of stock exchanges, the aforesaid powers of the Shareholders’ meeting shall not be exercised by the Board of Directors or any other institution or individual on its behalf upon authorization.

The following acts of external guarantee of the Company shall be submitted to the Shareholders’ 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 at least or exceeded 50% of the Company’s net assets as audited in the latest period;
- (ii) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 30% of the Company’s total assets as audited in the latest period;
- (iii) any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iv) the single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;
- (v) basis of the cumulative guarantee amount within twelve consecutive months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;
- (vi) the guarantee to be provided to a Shareholder, or to an ultimate controller or related party thereof;
- (vii) other guarantees required by the relevant laws or administrative regulations and the securities regulatory rules in the jurisdiction where the shares of the Company are listed or the Articles of Association.

The company may provide guarantees for wholly-owned subsidiaries, or for controlled subsidiaries where other shareholders of the controlled subsidiary provide guarantees in proportion to their equity interests, such guarantees may be exempt from submission for review by the Shareholders' meeting if they fall under items (i), (iii), or (iv) above. When the Shareholders' meeting reviews the guarantee matters mentioned in item (ii) of the preceding paragraph, approval must be obtained from more than two-thirds of the voting rights held by the shareholders present at the meeting.

The Shareholders' meetings are divided into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary Shareholders' 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 PRC Company Law or less than two-thirds of the number prescribed in the 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, regulations of the authorities, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

In the event that an extraordinary general meeting is convened at the request of the securities regulatory rules of the place where the shares of the Company are listed, the effective date of the extraordinary general meeting may be adjusted in accordance with the clearance progress of the stock exchange where the Company’s shares are listed.

Convening of Shareholders’ meetings

The Shareholders’ meeting shall be convened by the Board of Directors, which shall convene the Shareholders’ meeting within the time limit specified in the Company’s Articles of Association.

After obtaining the consent of a majority of all independent directors, an independent director has the right to propose to the Board of Directors to convene an extraordinary Shareholders’ meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Company’s Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders’ meeting. If the Board of Directors agrees to convene an extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the board resolution. If the Board of Directors disagrees to convene an extraordinary Shareholders’ meeting, it shall state the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary Shareholders’ meeting and shall submit such proposal 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 a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders’ meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the Board of Directors disagrees to convene an extraordinary Shareholders’ meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the Shareholders’ meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the Company’s shares have the right to request the Board of Directors to convene an extraordinary Shareholders’ 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 Company’s Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders’ meeting. If the Board of Directors agrees to convene an extraordinary Shareholders’ meeting,

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

it shall issue a notice of the Shareholders' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within 10 days of receipt, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to convene an extraordinary Shareholders' meeting and shall submit such request in writing to the Audit Committee. If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders. If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the Shareholders' meeting. In such cases, shareholders who individually or collectively hold more than 10% of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

Proposals and Notice of Shareholders' meeting

The Company may convene a Shareholders' meeting, and the Board of Directors, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the Company's shares, have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the Company's Articles of Association, or if it is not within the scope of the Shareholders' meeting's authority.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the Shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

The Shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the Shareholders' meeting or that do not comply with the provisions of the Company's Articles of Association.

The convener shall notify each Shareholder by announcement at least 21 days before the annual Shareholders' meeting, and at least 15 days before the extraordinary Shareholders' meeting.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

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 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;
- (iv) the shareholding registration date of the Shareholders entitled to attend the meeting;
- (v) name and telephone number of the permanent contact person for conference affairs;
- (vi) timing and Procedures of Voting by Internet and Otherwise.

After the Shareholders' meeting notice has been issued, the meeting should not be postponed or canceled without a valid reason, and the proposals listed in the notice should not be canceled. In the event of a postponement or cancellation, the convener shall announce and explain the reasons at least two trading days before the originally scheduled date. If the securities regulatory rules of the place where the Company's stock is listed have special provisions regarding the procedures for postponing or canceling a Shareholders' meeting, these provisions shall be followed, provided that they do not violate the regulatory requirements of the domestic jurisdiction.

Convening of Shareholders' meeting

All Shareholders or their proxies registered on the record date for equity registration shall be entitled to attend the Shareholders' meeting. They shall have the right to speak and exercise voting rights at the meeting in accordance with relevant laws, regulations, and the Company's Articles of Association. Shareholders may attend the Shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

The Shareholders' meeting shall be presided over by the chairman of the Board. If the chairman is unable or fails to perform his duties, one director shall be elected by a majority of the directors to preside over the meeting.

If the Shareholders' meeting is convened by the Audit Committee, it shall be presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee, is unable or fails to perform his duties, one Audit Committee member shall be elected by a majority of the Audit Committee, to preside over the meeting. If the Shareholders' meeting is convened by the Shareholders themselves, a representative shall be elected by the conveners to preside over the meeting. If the presiding officer of the meeting violates the rules of procedure and prevents the meeting from proceeding, upon the agreement of more than half of the shareholders present and entitled to vote, the Shareholders' meeting may elect one person to serve as the presiding officer to continue the meeting.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

The Company shall establish rules of procedure for the Shareholders' meeting, which shall detail the procedures for convening and voting at the Shareholders' meeting, including notification, registration, review of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, record-keeping and signing, and announcement. The rules shall also specify the principles and specific content of the authorization granted by the Shareholders' meeting to the Board of Directors. The rules of procedure for the Shareholders' meeting shall be an appendix to the Company's Articles of Association, drafted by the Board of Directors, and approved by the Shareholders' meeting.

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 (including proxies). 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 (including proxies).

The resolution of the Shareholders' meeting includes ordinary resolution and special resolution. The following matters shall be approved by the Shareholders' 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 of Directors;
- (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 Shareholders' meeting:

- (i) the increase or reduction of the registered capital of the Company;
- (ii) the division, spin-off, merger, dissolution and liquidation of the Company or change of company form;
- (iii) any amendment to the Articles of Association;

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iv) purchase or sale of significant assets 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 Shareholders' 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 senior management personnel. However, provided that the total number of Directors who concurrently serve as Senior Management Members shall not exceed half (1/2) of the total number of Directors of the Company.

The directors shall abide by laws, administrative regulations and the Articles of Association, and bear fiduciary obligations towards the Company:

- (i) shall not abuse their authority to accept bribes or other illegal income;
- (ii) shall not misappropriate the properties or the funds of the Company;
- (iii) the assets of the Company shall not be deposited in any personal account;
- (iv) shall not conclude any contract or engage in any transaction with the Company without reporting to the Board or the Shareholders' meeting and obtaining the approval of Shareholders' meeting or the Board of Directors according to 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 either for their own account or for the account of any other person without reporting to the Board or the Shareholders' meeting and obtaining the approval of Shareholders' meeting, or where the Company cannot use such business opportunities in accordance with the law, 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 or the Shareholders' meeting and obtaining the approval of Shareholders' meeting;

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (vii) shall not accept commissions paid by others for transactions conducted with the Company as their own;
- (viii) shall not disclose confidential Company's information without authorization;
- (ix) shall not abuse their connected relationships to damage the Company's interests;
- (x) other fiduciary obligations stipulated in laws, administrative regulations, regulations of authorities, 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 have the following diligent obligations to 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;
- (v) shall provide information and materials to the Audit Committee and shall not obstruct the Audit Committee or individual Audit Committee member from performing its or their duties;
- (vi) other obligations of diligence stipulated in the laws, administrative regulations, regulations of authorities, other securities regulatory rules of the place where the Company's shares are listed, and Articles of Association.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

Board of Directors

The Board of Directors consists of seven Directors, of which the number of independent directors shall be no less than one third. The Board of Directors shall appoint a Chairman. The Chairman shall be elected by more than one half of all Directors.

The Board of Directors exercises the following powers:

- (i) to convene the general Shareholders' meeting and report on work to the Shareholder's meeting;
- (ii) implement the resolutions of the Shareholder's meeting;
- (iii) determine the business and investment plans of our Company;
- (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, in case of the circumstances stipulated of the Articles of Association 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 officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company's vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;
- (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.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (xiii) request to the meeting of shareholders 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, the Articles of Association and the shareholders' meeting.

Matters beyond the scope of such authorization shall be submitted to the Shareholders' meeting for consideration.

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. Resolutions of the Board of Directors must be passed by a majority of all directors. Voting on resolutions of the Board of Directors shall be conducted on a one person, one vote basis.

For external guarantee to be examined and approved by the Board of Directors, such resolution shall be made by over two thirds of present directors, in addition to the approval by a majority of all directors.

If any Director has connection with the enterprise or individual involved in the resolution made at a Board meeting, such director shall submit a written report to the Board of Directors in a timely manner.

If a director has connection with the enterprise or individual involved in the resolution made at a Board meeting, such director shall submit a written report to the Board of Directors in a timely manner. The said director shall not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. A meeting of the Board of Directors may be held if more than half of the directors without associated relationships are present, and resolutions made at the meeting of the Board of Directors must be passed by a majority of the directors without associated relationships. If the number of directors without associated relationships attending the Board of Directors is less than three, the matter shall be submitted to the Shareholders' meeting for review. If laws, regulations, or the securities regulatory rules of the place where the Company's stock is listed impose additional restrictions on directors' participation in Board of Directors meetings and voting, such provisions shall prevail.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

Independent Directors

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors. Matters listed in items (1) to (3) of the paragraph 1 of Article 130 and Article 130 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors may study and discuss other matters of our Company as needed. The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings. The Company shall facilitate and support the convening of special meetings of independent directors.

Special Committees under the Board

The Board of Directors shall establish an audit committee to exercise the powers of the Board of Supervisors stipulated by the PRC Company Law. The members of an audit committee shall comprise three directors who are not senior executives of the company, among them there are more than two independent directors, and an accounting professional among the independent directors shall act as the convener.

The Board of Directors shall establish special committees such as strategy committee, nomination committee, remuneration and appraisal committee, etc.

The special committees shall perform duties pursuant to the Articles of Association and the authorization of the Board of Directors, and submit motions to the Board of Directors for deliberation and decision.

General Manager and Other Senior Management Members

The Company shall have one General Manager, several Deputy General Managers, all of whom shall be appointed or dismissed by the Board of Directors. The General Manager, Deputy General Managers, Chief Financial Officer, Secretary to the Board of Directors are considered senior management personnel of the Company.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

The provisions in the Articles of Association regarding the fiduciary duties and duties of care of directors shall also apply to senior management personnel.

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;
- (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 fundamental management system of the Company;
- (v) to formulate specific rules and regulations for the Company;
- (vi) to propose to the Board of Directors on the appointment or dismissal of deputy general manager, financial officer;
- (vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (viii) other functions and powers conferred by the Articles of Association or the Board of Directors.

The General Manager shall attend the meetings of the Board of Directors.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial 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 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.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

The above annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations 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 allocate 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 allocations 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 allocation 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.

Subject to a resolution of the Shareholders’ meeting, 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 Shareholders’ meeting violates the provisions of the PRC Company Law, the profits distributed in violation of the provisions must be returned by such Shareholders to the Company. The Shareholders, responsible directors and senior management members shall be liable for compensation if the Company suffers losses as a result thereof.

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 SAR. 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-shareholders, and 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. When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

After the Shareholder's meeting of our Company make a resolution on profit distribution plan, or the Board of Directors formulates a specific plan based on the interim dividend conditions and caps approved at the annual Shareholders' meeting, the Board of Directors shall complete the distribution within 2 months.

Internal Audit

The Company has implemented an internal audit system which explicitly defines the leadership structure, authorities and responsibilities, staffing requirements, fund guarantee, application of audit results, and accountability mechanism in respect of the internal audit activities, etc. The internal audit system of the Company shall be implemented upon approval by the Board and publicly disclosed.

Appointment of an Accounting Firm

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed. The appointment of accounting firm by the Company shall be subject to the approval of Shareholders' meetings. The Board shall 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 proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm or the method of determining audit fee shall be determined by the Shareholders' meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 60 days in advance; when the shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation. An accounting firm proposing to resign shall state its opinions in the Shareholders' meeting whether the Company has committed any improper act.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

Where the price paid for the merger of the Company less than 10% of its net assets, a resolution of the Shareholders' meeting may be dispensed with, unless otherwise provided in the Articles of Association.

Where the merger of a company pursuant to the provisions of the preceding paragraph does not require a resolution of the Shareholders' meeting, a resolution of the Board of Directors shall be passed.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the designated press stipulated in Article 176 or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the designated press stipulated in Article 176 or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 30 days as of the date of such resolution. Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital and shall publish an announcement on the designated press stipulated in Article 176 or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

When reducing its registered capital, the Company shall reduce the amount of capital contribution or shares held by the Shareholders in proportion to their respective shareholdings, unless otherwise provided for by law or the Articles of Association..

In the event of a merger or division of a company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; if the Company is dissolved, it shall go through the deregistration of the procedures company in accordance with the law; if a new company is established, the company establishment registration shall be completed in accordance with the law. If the Company increases or decreases its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

Dissolution and Liquidation

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 Shareholders' 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 any cause for dissolution as provided in the preceding paragraph occurs, the Company shall publicize the cause for dissolution within ten days on the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統).

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

If the Company is in the situation as described in Item (i) and (ii) of the preceding paragraph and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the Shareholders’ meeting. The amendment of the Articles of Association or the resolution of the Shareholders’ meeting as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the shareholders attending the Shareholders’ meeting.

If the company is dissolved due to the provisions mentioned in items (i), (ii), (iv), and (v) above, a liquidation shall be conducted. The directors shall be the obligors for the company’s liquidation and must form a liquidation group within 15 days from the date the cause for dissolution arises to carry out the liquidation. The liquidation group shall be composed of directors or persons determined by the shareholders’ meeting. If the liquidation group is not established within the prescribed period to conduct the liquidation, or if the liquidation group is established but fails to conduct the liquidation, interested parties may apply to the People’s Court to appoint relevant personnel to form a liquidation group to conduct the liquidation.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in the designated press stipulated in Article 176 or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice. When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has sorted out the company’s assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the Shareholders’ meeting or the court for confirmation. The Company’s assets shall be used to pay the liquidation expenses, employees’ wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the company’s debts. The remaining assets shall be distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company’s assets shall not be distributed to the shareholders before the aforementioned provisions have been complied with.

After sorting out the Company’s assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company’s assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law. After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

APPENDIX VI

SUMMARY OF THE ARTICLES OF ASSOCIATION

Upon the completion of the Company’s liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders’ meeting or the court for confirmation, and file it with the company registration authority to apply for the cancellation of the company registration and announce the termination of the Company.

If the Company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

- (i) after amendments are made to the PRC Company Law or other relevant laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed;
- (ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- (iii) the Shareholders’ meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the Shareholders’ meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the Shareholders’ meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Any amendment to the Articles of Association that is required to be disclosed in accordance with laws and regulations shall be announced in accordance with provisions thereof.

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established in the PRC on March 20, 2000. Our Company was converted into a joint stock limited company on June 3, 2009 by way of overall restructuring and renamed as Nations Technologies Inc. (國民技術股份有限公司). We completed the listing of our A Shares on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300077) on April 30, 2010. Our Company has established a principal place of business in Hong Kong at Room 1918, 19/F, Lee Garden One, 33 Hysan Road, Causeway Bay, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 18, 2025. The Company changed its English name from Nations Technologies Inc. to NSING TECHNOLOGIES INC. on September 9, 2025. Mr. Lui, one of our joint company secretaries, 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.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Appendix VI — Summary of Articles of Association” to this document.

2. Changes in the share capital of our Company

On August 3, 2023, our issued share capital was decreased from RMB595,638,000 divided into 595,638,000 A Shares with nominal value of RMB1.0 each to RMB594,841,000 divided into 594,841,000 A Shares with nominal value of RMB1.0 each.

On July 17, 2024, our issued share capital was decreased from RMB594,841,000 divided into 594,841,000 A Shares with nominal value of RMB1.0 each to RMB583,126,700 divided into 583,126,700 A Shares with nominal value of RMB1.0 each.

Immediately following the completion of the [REDACTED], the registered share capital of our Company will be increased to [REDACTED] divided into [REDACTED] A Shares and [REDACTED] H Shares fully paid up or credited as fully paid up. Save as aforesaid there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Restriction of share repurchase

For details of the restrictions on the share repurchase by our Company, see “Appendix VI — Summary of the Articles of Association” to this document.

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

4. Written resolutions of our Shareholders passed on June 16, 2025

Pursuant to the written resolutions passed by our Shareholders on June 16, 2025, among other matters:

- (a) the [REDACTED] of H Shares with a nominal value of RMB1.00 each and such H Shares to be [REDACTED] on the Stock Exchange was approved;
- (b) the number of H Shares to be issued shall be no more than 20% of the total issued share capital of our Company upon completion of the [REDACTED];
- (c) subject to the completion of the [REDACTED], the Articles of Association were approved and adopted, which shall become effective on the [REDACTED], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (d) our Board has been authorized to handle all relevant matters relating to, among other things, the [REDACTED], the issue of H Shares and the [REDACTED].

5. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in note 44 of the Accountants’ Report.

On April 15, 2024, the issued and paid-up capital of NSING was increased from US\$3,500,000 divided into 35,000,000 shares to US\$5,000,000 divided into 5,000,000 shares.

On December 10, 2024, the issued and paid-up capital of NSING was increased from US\$5,000,000 divided into 5,000,000 shares to US\$11,000,000 divided into 11,000,000 shares.

Save as disclosed above, there has been no other alteration in the registered capital or share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

APPENDIX VII STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contract

The following contract (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are material:

(a) [REDACTED].

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration Number	Class	Registered proprietor	Place of Registration	Date of Registration	Expiry date
1. . . .		33054981	9	Our Company	PRC	August 28, 2020	August 27, 2030
2. . . .		33036034	42	Our Company	PRC	August 21, 2020	August 20, 2030
3. . . .	国民	31777874	9	Our Company	PRC	December 14, 2020	December 13, 2030
4. . . .	国民	21495980	9	Our Company	PRC	December 21, 2017	December 20, 2027
5. . . .	国民技术	13613633	9	Our Company	PRC	April 14, 2015	April 13, 2035
6. . . .		9548436	9	Our Company	PRC	December 28, 2012	December 27, 2032
7. . . .	nationz	8025682	9	Our Company	PRC	May 21, 2012	May 20, 2032
8. . . .	NSING	40202326169U	9, 42	NSING	Singapore	March 1, 2024	November 24, 2033
9. . . .		306970438	9	Our Company	Hong Kong	July 21, 2025	July 20, 2035
10. . . .		306970447	9	Our Company	Hong Kong	July 21, 2025	July 20, 2035

APPENDIX VII STATUTORY AND GENERAL INFORMATION

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Application Number	Class	Name of Applicant	Place of Application	Date of Application
1. . .		307019370	9	Our Company	Hong Kong	September 4, 2025
2. . .		307019361	42	Our Company	Hong Kong	September 4, 2025

(b) Patents

As of the Latest Practicable Date, our Group had registered the following patents which, in the opinion of our Directors, are material to our business:

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
1. . .	Clock detection method, device, and clock security system	Invention	202010784930.6	Our Company	PRC	August 6, 2020	February 18, 2025	August 6, 2040
2. . .	Non-magnetic meter control circuit, non-magnetic meter circuit, chip and metering	Utility Model	202022196245.X	Our Company	PRC	September 29, 2020	July 20, 2021	September 29, 2030
3. . .	A high-voltage protection circuit	Utility Model	202221703233.4	Our Company	PRC	July 4, 2022	November 25, 2022	July 4, 2032
4. . .	A self-calibrating comparator circuit, integrated circuit and electronic equipment	Utility Model	202220024555.X	Our Company	PRC	January 6, 2022	May 31, 2022	January 6, 2032
5. . .	Data writing method, terminal and readable storage medium of non-volatile memory	Invention	201911305173.3	Our Company	PRC	December 17, 2019	August 6, 2024	December 17, 2039
6. . .	A method and system for demodulating frequency shift keying modulation signal	Invention	201610919795.5	Our Company	PRC	October 20, 2016	December 18, 2020	October 20, 2036

APPENDIX VII STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
7. . . .	A direct current offset cancelation circuit and method	Invention	201610921113.4	Our Company	PRC	October 20, 2016	April 17, 2020	October 20, 2036
8. . . .	A successive approximation type analog-to-digital converter and its application switching method	Invention	201610919701.4	Our Company	PRC	October 20, 2016	August 20, 2021	October 20, 2036
9. . . .	A two-point modulation transmitter calibration circuit and calibration method	Invention	201610921101.1	Our Company	PRC	October 20, 2016	August 24, 2021	October 20, 2036
10. . . .	Oscillator circuit and chip	Utility Model	202220649455.6	Our Company	PRC	March 23, 2022	August 5, 2022	March 23, 2032
11. . . .	An interface level self-adapting circuit and system	Utility Model	202320029542.6	Our Company	PRC	January 4, 2023	June 9, 2023	January 4, 2033
12. . . .	A radio frequency communication device and method	Invention	201710697406.3	Our Company	PRC	August 15, 2017	June 20, 2023	August 15, 2037
13. . . .	An electrostatic protection circuit and electronic device	Utility Model	201721331601.6	Our Company	PRC	October 13, 2017	May 4, 2018	October 13, 2027
14. . . .	Power supply control circuit and power supply control method	Invention	201210104914.3	Our Company	PRC	April 11, 2012	August 3, 2016	April 11, 2032
15. . . .	A device and method for detecting clock frequency	Invention	201210071104.2	Our Company	PRC	March 16, 2012	February 3, 2016	March 16, 2032
16. . . .	Power-on reset circuit	Invention	201210112743.9	Our Company	PRC	April 17, 2012	August 24, 2016	April 17, 2032
17. . . .	A system and chip configured with low-dropout linear regulator output current	Invention	201310096559.4	Our Company	PRC	March 22, 2013	January 20, 2016	March 22, 2033
18. . . .	Self-adaptive adjustment circuit, method and chip for constant current power supply	Invention	201310096565.X	Our Company	PRC	March 22, 2013	March 2, 2016	March 22, 2033
19. . . .	A true random number generator	Invention	201310549303.4	Our Company	PRC	October 30, 2013	April 27, 2018	October 30, 2033
20. . . .	A storage system and the control method of its non-volatile memory device	Invention	201310746987.7	Our Company	PRC	December 30, 2013	December 18, 2018	December 30, 2033
21. . . .	A method and device for protecting safety module	Invention	201410388868.3	Our Company	PRC	August 8, 2014	March 17, 2020	August 8, 2034

APPENDIX VII STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
22. . . .	A signal conversion device and method	Invention	201410328950.7	Our Company	PRC	July 10, 2014	October 25, 2019	July 10, 2034
23. . . .	Audio transmitting and receiving terminal, and method for transmitting and receiving target data	Invention	201410413151.X	Our Company	PRC	August 19, 2014	May 7, 2019	August 19, 2034
24. . . .	Differential SAR ADC and its switched capacitor structure, A/D conversion method, and layout realization method	Invention	201510648188.5	Our Company	PRC	October 9, 2015	March 2, 2021	October 9, 2035
25. . . .	A power control system and its realization method	Invention	201310080404.1	Our Company	PRC	March 3, 2013	March 9, 2018	March 3, 2033
26. . . .	A segment code liquid crystal and its bias voltage generating circuit and method	Invention	201510428545.7	Our Company	PRC	July 21, 2015	January 12, 2021	July 21, 2035
27. . . .	A method and device for forecasting state-of-charge related parameters based on impedance decomposition	Invention	202210975937.5	Our Company	PRC	August 15, 2022	November 25, 2022	August 15, 2042
28. . . .	Method and device for forecasting battery SOP based on real-time temperature	Invention	202310280155.4	Our Company	PRC	March 22, 2023	June 6, 2023	March 22, 2043
29. . . .	A method and device for detecting battery self-discharge performance	Invention	202310463688.6	Our Company	PRC	April 26, 2023	July 18, 2023	April 26, 2043
30. . . .	A signal transmitting circuit and general-purpose equipment	Utility Model	202322890012.3	Our Company	PRC	October 27, 2023	June 11, 2024	October 27, 2033
31. . . .	A communication chip for single-wire power supply communication	Invention	202010058232.8	Our Company	PRC	January 19, 2020	May 6, 2025	January 19, 2040
32. . . .	An integrated circuit	Invention	202011631319.6	Our Company	PRC	December 30, 2020	April 11, 2025	December 30, 2040

APPENDIX VII STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
33.	An amplifier	Utility Model	202320744608.X	Our Company	PRC	April 7, 2023	September 22, 2023	April 7, 2033
34.	A method and device for bluetooth connectivity resource management	Invention	201610471852.8	Our Company	PRC	June 24, 2016	May 5, 2021	June 24, 2036
35.	A storage system and a fault protection method and device thereof	Invention	201510896260.6	Our Company	PRC	December 8, 2015	March 2, 2021	December 8, 2035
36.	A security chip and its defense method and device against error injection attack	Invention	201510184515.6	Our Company	PRC	April 17, 2015	October 23, 2020	April 17, 2035
37.	Control circuit and control method for waking up low power consumption mode	Invention	202211130486.1	Our Company	PRC	September 16, 2022	February 14, 2025	September 16, 2042
38.	A preparation method for modified graphite anode material for lithium-ion batteries	Invention	201110132408.0	Inner Mongolia Sinuo	PRC	May 20, 2011	June 11, 2014	May 20, 2031
39.	A preparation method for high-capacity lithium-ion battery anode material	Invention	201210283761.3	Inner Mongolia Sinuo	PRC	August 10, 2012	May 21, 2014	August 10, 2032
40.	A preparation method for high-capacity and high-rate lithium-ion battery anode material	Invention	201310166750.1	Inner Mongolia Sinuo	PRC	May 8, 2013	August 19, 2015	May 8, 2033
41.	A preparation method for graphite anode material for modified lithium-ion batteries	Invention	201310219705.8	Inner Mongolia Sinuo	PRC	June 5, 2013	December 9, 2015	June 5, 2033
42.	A preparation method for natural graphite anode material for lithium-ion batteries by wet ball milling	Invention	201310305869.2	Inner Mongolia Sinuo	PRC	July 22, 2013	July 15, 2015	July 22, 2033
43.	A preparation method for multilayer carbon-coated silicon-carbon composite material	Invention	201910416407.5	Inner Mongolia Sinuo	PRC	May 20, 2019	March 28, 2023	May 20, 2039

APPENDIX VII STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date	Date of Registration	Expiry Date
44. . . .	Long-life graphite composite anode material for energy storage, and its preparation method and application	Invention	202411035764.4	Inner Mongolia Sinuo	PRC	July 31, 2024	October 15, 2024	July 31, 2044
45. . . .	Low-temperature fast-charging anode composite material for power batteries, its preparation method and application	Invention	202411060603.0	Inner Mongolia Sinuo	PRC	August 5, 2024	November 26, 2024	August 5, 2044
46. . . .	A preparation method for artificial graphite material and its application	Invention	202310276720.X	Hubei Sinuo	PRC	March 16, 2023	February 20, 2024	March 16, 2043
47. . . .	A preparation method for silicon-carbon composite material and its application	Invention	202311063205.X	Our Company	PRC	August 22, 2023	August 6, 2024	August 22, 2043

APPENDIX VII STATUTORY AND GENERAL INFORMATION

(c) Copyrights

As of the Latest Practicable Date, our Group was the owner of the following copyrights which, in the opinion of our Directors, are material to our business:

No.	Copyright	Type	Registration number	Registered owner	Place of registration	Date of registration
1 . . .	Nations Technology Leopard No. 8 boot software	Software Copyright	2024SR1488844	Our Company	PRC	October 10, 2024
2 . . .	Nations Technology Kingfisher No. 5 boot software	Software Copyright	2023SR1019156	Our Company	PRC	September 5, 2023
3 . . .	Nations Technology Leopard A001 boot software	Software Copyright	2023SR0539603	Our Company	PRC	May 15, 2023
4 . . .	Nations Technology Cactus 32-bit encryption software	Software Copyright	2022SR1515599	Our Company	PRC	November 16, 2022
5 . . .	Nations Technology Bluetooth software system	Software Copyright	2019SR0795455	Our Company	PRC	July 31, 2019
6 . . .	Nations Technology protocol-based trusted computing chip firmware upgrade software	Software Copyright	2019SR0743919	Our Company	PRC	July 18, 2019
7 . . .	Nations Trusted IoT Cloud Platform	Software Copyright	2024SR1383503	Nsing Shenzhen	PRC	September 18, 2024
8 . . .	Nations Intelligent Control BMS Software	Software Copyright	2024SR0183973	Nsing Shenzhen	PRC	January 26, 2024

(d) Domain names

As of the Latest Practicable Date, our Group had registered the following domain names which, in the opinion of our Directors, are material to our business:

No.	Domain Name	Name of Registered Proprietor	Date of Registration	Date of Expiry
1 . . .	nationz.com.cn	Our Company	April 30, 2009	April 30, 2026
2 . . .	nationstech.com	Our Company	March 27, 2016	March 27, 2030
3 . . .	guominkeji.com	Nsing Shenzhen	June 21, 2021	June 21, 2027
4 . . .	nations.cn	Nsing Shenzhen	June 6, 2007	July 6, 2029
5 . . .	nsing.com.sg	NSING	August 21, 2023	August 21, 2026
6 . . .	nsingtech.com	Our Company	August 14, 2025	August 14, 2030

APPENDIX VII STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors

(a) *Disclosure of Interests — Interests and short positions of the Directors and the chief executive of our Company in the registered capital of our Company and its associated corporations*

Immediately following completion of the [REDACTED], and assuming that the [REDACTED] is not exercised, the interests or short positions of our Directors or chief executive of our Company 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 interests or short positions 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, to be notified to our Company and the Stock Exchange, once our Shares are [REDACTED], will be as follows:

Interest in Shares of our Company

Director/Chief Executive	Nature of interest	Number and class of Shares ⁽¹⁾	Percentage in total issued share capital immediately prior to the [REDACTED]	Percentage in total issued share capital immediately after the [REDACTED] ⁽²⁾
Mr. Sun Yingtong	Beneficial owner	15,453,300 A Shares (L)	2.65%	[REDACTED]
Mr. Kan Yulun	Beneficial owner	420,400 A Shares (L)	0.07%	[REDACTED]
Ms. Ye Yantao	Beneficial owner	368,000 A Shares (L)	0.06%	[REDACTED]

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) The calculation is based on the assumption that no new Shares are issued under the [REDACTED], and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

(b) Particulars of Directors’ service agreements and letters of appointment

Each of our Directors has entered into a service agreement or letter of appointment with our Company. The principal particulars of these service agreements and letters of appointment comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service agreements and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has or is proposed to have a service agreement with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

(c) Directors’ remuneration

During the three years ended December 31, 2024, the aggregate remuneration (including Director’s fee, salaries and allowance and other benefits, performance related bonus, retirement benefit contributions and share-based payments) paid to our Directors were approximately RMB18.17 million, RMB4.80 million and RMB11.48 million, respectively. For details, please refer to Note 12 of the Accountants’ Report set out in Appendix I to this document.

Under the arrangement currently in force, the aggregate remuneration (including Director’s fee, salaries and allowance and other benefits, performance related bonus, retirement benefit contributions and share-based payments) of our Directors for the year ending December 31, 2025 is estimated to be no more than RMB5.04 million.

2. Substantial Shareholders

(a) Interests in our Company

Our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, will have or be deemed or taken to have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to 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 nominal values of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company.

APPENDIX VII STATUTORY AND GENERAL INFORMATION

(b) *Interests of the Substantial Shareholders of Other Members of Our Group*

So far as the Directors are aware, the persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the [REDACTED], be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

<u>Our subsidiaries</u>	<u>Name of substantial shareholder</u>	<u>Approximate percentage of interest (%)</u>
Inner Mongolia Sinuo	POSCO FUTURE M CO., LTD	10.12%

3. Agency fees or [REDACTED] received

Save as disclosed in this document, no [REDACTED], discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

4. Disclaimers

Saved as disclosed in this document,

- (a) none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are [REDACTED];
- (b) none of our Directors or experts referred to under “— D. Other information — 7. Qualifications and consents of experts” below 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 or experts referred to under “— D. Other information — 7. Qualifications and consents of experts” below 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;

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

- (d) 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));
- (e) none of our Directors knows of any person (not being a Director or chief executive of our Company) 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 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 issued voting shares of any member of our Group; and
- (f) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that currently no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

During the Track Record Period and as of the Latest Practicable Date, we had not been involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us which may have a material and adverse impact on our business, financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of US\$500,000 for acting as the sponsor for the [REDACTED].

The Sole Sponsor has made an application on our Company’s behalf to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares to be issued pursuant to the [REDACTED]. All necessary arrangements have been made for the Shares to be admitted into [REDACTED].

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

4. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Group’s financial or trading position since December 31, 2024 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoters

See disclosure in “History and Corporate Structure” for details of our promoters. Save as disclosed in “History and Corporate Structure” in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any, proposed to be paid, allotted or given to any promoters named above in connection with the [REDACTED] and the related transactions described in this document.

7. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Han Kun Law Offices	Legal advisor to our Company as to PRC laws
Incisive Law LLC	Legal advisor to our Company as to Singapore laws

APPENDIX VII STATUTORY AND GENERAL INFORMATION

Name	Qualifications
Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo	Legal advisor to our Company as to International Sanctions laws
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
China Insights Industry Consultancy Limited	Independent industry consultant

Each of the experts named above [has given] and [has not] withdrawn its written consent to the issue of this document with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its name included herein in the form and context in which they respectively appear.

8. Interests of experts in our Company

Except as disclosed in this document and save for its obligations under the [REDACTED], none of the persons named in “— 7. Qualifications and consents of experts” above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to [REDACTED] for or nominate persons to [REDACTED] for any shares or securities in any member of our Group.

9. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Appendix IV — Taxation and Foreign Exchange” to this document.

10. Binding effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

11. 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 has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iv) no commission has 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) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (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) there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2024 (being the date to which the latest audited consolidated financial statements of our Group were prepared);
- (e) all necessary arrangements have been made to enable our H Shares to be admitted to [REDACTED] for clearing and settlement;
- (f) save as our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange, no company within our Group is presently listed on any stock exchange or traded on any trading system and our Group is not seeking or proposing to seek any [REDACTED] of, or permission to [REDACTED], the share or loan capital of our Company on any other stock exchange;
- (g) our Company has no outstanding convertible debt securities or debentures;
- (h) there is no arrangement under which future dividend are waived or agreed to be waived; and

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

- (i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

12. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

APPENDIX VIII

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in Appendix VII — “Statutory and General Information — D. Other Information — 7. Qualifications and consents of experts” to this document; and
- (b) a copy of the material contract referred to in Appendix VII — “Statutory and General Information — B. Further Information about Our Business — 1. Summary of material contracts” to this document.

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.nsingtech.com) up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountant’s Report from the Reporting Accountants, the text of which is set out in Appendix I to this document;
- (c) the report from the Reporting Accountants in respect of the [REDACTED] financial information, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the three years ended December 31, 2024 and the nine months ended September 30, 2025;
- (e) the legal opinion issued by Han Kun Law Offices, our PRC Legal Advisors, in respect of certain general corporate matters of our Group;
- (f) the legal opinion issued by Incisive Law LLC, our legal advisor as to Singapore laws;
- (g) the legal memorandum issued by Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo our legal advisors as to International Sanctions law;
- (h) the valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our independent property valuer, the text of which is set out in Appendix III to this document;
- (i) the industry report issued by China Insights Industry Consultancy Limited;

APPENDIX VIII

**DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES AND AVAILABLE ON DISPLAY**

- (j) the written consents referred to in “Appendix VII — Statutory and General Information — D. Other Information — 7. Qualifications and consents of experts” to this document;
- (k) the material contracts referred to in “Appendix VII — Statutory and General Information — B. Further Information about Our Business — 1. Summary of material contracts” to this document;
- (l) the service agreements and letters of appointment entered into between our Company and each of our Directors (as applicable) referred to in “Appendix VII — Statutory and General Information — C. Further Information about Our Directors — (c). Particulars of service agreements and letters of appointment” to this document; and
- (m) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translation.