

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the fiscal year ended December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 001-39337

EBANG INTERNATIONAL HOLDINGS INC.
(Exact name of Registrant as specified in its charter)

Cayman Islands

(Jurisdiction of incorporation or organization)

600 East John Carpenter Freeway, Suite 110
Irving, Texas 75062

(Address of principal executive offices)

Dong Hu

Chief Executive Officer

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Irving, Texas 75062

Tel: +1 (972) 689-1452

Email: ir@ebang.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Class A ordinary shares, par value HK\$0.03 per share | EBON | Nasdaq Global Select Market |

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital stock or common stock as of the close of business covered by the annual report.

An aggregate of 6,543,938.22 ordinary shares, representing 4,989,746.22 Class A ordinary shares, par value HK\$0.03 per share, and 1,554,192 Class B ordinary Shares, par value HK\$0.03 per share, as of April 24, 2026.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

EBANG INTERNATIONAL HOLDINGS INC.

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INTRODUCTION

In this annual report on Form 20-F (this “annual report”), otherwise indicated or unless the context otherwise requires:

- “ASICs” means application-specific ICs, meaning ICs designed for a specific application;
- “China” and the “PRC” means the People’s Republic of China, excluding, for the purposes of this annual report only, Taiwan, the Hong Kong Special Administrative Region and the Macao Special Administrative Region;
- “Fintech” means financial technology;
- “ICs” or “chips” means integrated circuits;
- “PRC operating subsidiaries” means, for the purpose of this annual report, primarily, Zhejiang Ebang Communication Technology Co., Ltd. (“Zhejiang Ebang”), Hangzhou Yibang Botong Technology Co., Ltd. (“Hangzhou Yibang Botong”), Hangzhou Ebang Shengye Technology Co., Ltd. (“Hangzhou Ebang Shengye”), Hangzhou Ebang Hongkun Technology Co., Ltd. (“Hangzhou Ebang Hongkun”) and Hangzhou Kunyuan Information Technology Co., Ltd. (“Hangzhou Kunyuan”);
- “PRC subsidiaries” means, for the purpose of this annual report, primarily, PRC operating subsidiaries, Hangzhou Ebang Hongfa Technology Co., Ltd. (“Ebang Hongfa”), Hangzhou Ebang Shuotai Technology Co., Ltd. (“Hangzhou Ebang Shuotai”), Hangzhou Dewang Information Technology Co., Ltd. (“Hangzhou Dewang”), Zhejiang Ebang Communication Co., Ltd. (“Zhejiang Ebang Communication”), Hangzhou Bangyun Information Technology Co., Ltd. (formerly known as Yunnan Ebang Information Technology Co., Ltd.) (“Hangzhou Bangyun”), Hangzhou Yijiaxin IC Design Co., Ltd. (“Hangzhou Yijiaxin”), Redback Technologies (Hangzhou) Co., Ltd. (formerly known as Redback Technologies (Shanghai) Co., Ltd.) (“Redback Hangzhou”), Hangzhou Yibang Zhiyuan New Materials Co., Ltd., and Yibang New Materials (Inner Mongolia) Co., Ltd.;
- “operating subsidiaries” means, for the purpose of this annual report, primarily, PRC operating subsidiaries, Ebonex Australia Pty Ltd (“Ebonex Australia”), Ebon Operations Australia Pty Ltd (“Ebon Operations”), Ebonfx Australia Pty Ltd (formerly known as Compass Global Holdings Pty Ltd) (“Ebonfx Australia”), Ebon Financial Services Pty Limited (“Ebon Financial Services”), Redback Technologies Holdings Pty Ltd (“Redback Technologies”), Redback Operations Pty Ltd (“Redback Operations”), Luceo Australia Pty Ltd (“Luceo Australia”), Luceo Management Pty Ltd (“Luceo Management”), Ebang Communications (HK) Technology Limited (formerly known as Hong Kong Bite Co., Limited) (“HK Ebang Communications”), HongKong Ebang Digital Technology Limited (“HK Ebang Digital”), and Ebon Solar Inc. (“Ebon Solar”);
- “shares” or “Class A ordinary shares” means our Class A ordinary shares, par value HK\$0.03 per share;
- “US\$,” “U.S. Dollars,” “\$” and “dollars” means the legal currency of the United States; and
- “we,” “us,” “our company,” the “Company,” “Ebang,” “Ebang International” and “our” means Ebang International Holdings Inc., our Cayman Islands holding company and from time to time, in the context of describing our business, our operations and consolidated financial information, Ebang International Holdings Inc. and its subsidiaries.

We are a Cayman Islands holding company and conduct all of our operations through our operating subsidiaries. Investors in our shares are not purchasing equity securities of our operating subsidiaries but instead are purchasing equity securities of a Cayman Islands holding company. Ebang does not conduct its business through the variable interest entity (“VIE”) structure. As we have PRC operating subsidiaries, we face various legal and operational risks and uncertainties related to doing business in China. Since the PRC legal system continues to evolve, there are changes from time to time arising from the legal system in China, which include uncertainties regarding new legislation, regulations or interpretations governing our business activities, which may be promulgated or adopted; there is a risk that the Chinese government may intervene or influence our operations at any time, or may exert more control over offerings conducted in Hong Kong and overseas, which could result in substantial costs and divert our resources and the attention of our management; we also face risks associated with regulatory approvals on offerings conducted overseas and foreign investment in China-based issuers, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy failure to comply with such laws and regulations may negatively impact our ability to conduct certain businesses, access foreign investments, or list on a foreign stock exchange.

In addition, in connection with our previous issuance of securities to foreign investors, under current PRC laws, regulations and regulatory rules, as of the date of this annual report, we and our PRC subsidiaries, (i) are not required to obtain permissions from the China Securities Regulatory Commission (the “CSRC”), (ii) are not required to go through cybersecurity review by the Cyberspace Administration of China (the “CAC”), and (iii) have not been asked to obtain or were denied such permissions by any PRC authority. However, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For more detailed information, see “Item 3.D. Key Information—Risk Factors—Risks Relating to Conducting Business in China—We may be required to obtain approval or subject to filings or other requirements from the CSRC or other PRC regulatory authorities in connection with our offshore offerings under PRC law, and we cannot predict whether we will be able to or how long it will take to complete such filings.”

Furthermore, as more stringent criteria have been imposed by the U.S. Securities and Exchange Commission (the “SEC”) and the Public Company Accounting Oversight Board (the “PCAOB”) recently, our securities may be prohibited from trading on a national exchange or over-the-counter under the Holding Foreign Companies Accountable Act (the “HFCAA”) and related regulations, if the PCAOB is unable to inspect our auditors for two consecutive years beginning in 2022. As a result, an exchange may determine to delist our securities. The PCAOB issued a Determination Report on December 16, 2021 which found that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in: (1) mainland China of the People’s Republic of China because of a position taken by one or more authorities in mainland China; and (2) Hong Kong, a Special Administrative Region and dependency of the PRC, because of a position taken by one or more authorities in Hong Kong. Furthermore, the PCAOB’s report identified the specific registered public accounting firms which were subject to these determinations. On December 29, 2022, legislation entitled “Consolidated Appropriations Act, 2023” (the “Consolidated Appropriations Act”), was signed into law, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the Holding Foreign Companies Accountable Act from three years to two. On August 26, 2022, the CSRC, the Ministry of Finance of the PRC (the “MOF”), and the PCAOB signed a Statement of Protocol (the “Protocol”) governing inspections and investigations of audit firms based in mainland China and Hong Kong, taking the first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and has the unfettered ability to transfer information to the SEC. On December 15, 2022, the PCAOB determined that it was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB’s access in the future, the PCAOB Board will consider the need to issue a new determination. Our financial statements have been audited by an independent registered public accounting firm that is headquartered in the United States who is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess an auditor’s compliance with the applicable professional standards, and has been inspected by the PCAOB on a regular basis. Our auditor is not among the PCAOB-registered public accounting firms headquartered in the PRC or Hong Kong that are subject to PCAOB’s determination on December 16, 2021 of having been unable to inspect or investigate completely. As of the date of this annual report, we have not been identified by the SEC as a commission-identified issuer under the HFCAA. However, there is a risk that our auditor cannot be inspected by the PCAOB in the future. The lack of inspection could cause trading in our securities to be prohibited under the HFCAA, and, as a result, The Nasdaq Stock Market LLC (“Nasdaq”) may determine to delist our securities, which may cause the value of our securities to decline or become worthless. See risks disclosed under “Item 3.D. Key Information—Risk Factors—Risks Relating to Conducting Business in China— Although the financial statements contained in this annual report were issued by U.S. auditors who are currently inspected by the PCAOB, if it is later determined that the PCAOB is unable to inspect or investigate our auditor completely, investors would be deprived of the benefits of such inspection and our Class A ordinary shares may be delisted or prohibited from trading.”

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

- the Cayman Islands has a less exhaustive body of securities laws than the United States and these securities laws provide significantly less protection to investors; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

To date, we have conducted a majority of our operations outside the United States, and a majority of our assets are located outside the United States. Substantially all of our officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult or impossible for a shareholder to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Cayman Islands

There is uncertainty as to whether the courts in the Cayman Islands would (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or (2) entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment *in personam* obtained in the federal or state courts in the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an *in personam* judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of the Cayman Islands, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a punitive judgment of a United States court predicated upon the civil liability provisions of the federal securities laws in the United States without retrial on the merits if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that may be regarded as fines, penalties or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from United States courts would be enforceable in the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

The PRC

The PRC Civil Procedures Law governs the recognition and enforcement of foreign judgments. PRC courts may recognize and enforce foreign judgments in accordance with the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions.

The PRC does not have any treaties or other agreements with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they determine that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether a PRC court would enforce a judgment rendered by a court in the United States or the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against us in the PRC, if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit.

In addition, it will be difficult for U.S. shareholders to originate actions against us in China in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding our ordinary shares, to establish a connection to China for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

For a detailed description of risks related to enforceability of civil liabilities, please refer to risks disclosed under “Item 3.D. Key Information—Risk Factors—Risks Relating to Our Securities—Certain judgments obtained against us by our shareholders may not be enforceable” and “—You may face difficulties in protecting your interests in the Company, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law and conduct our operations primarily in emerging markets.”

FORWARD-LOOKING STATEMENTS

This annual report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “will,” “estimate” and “potential,” among others.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding Ebang International Holdings Inc. and its subsidiaries’ intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section “Item 3. Key Information—D. Risk factors” in this annual report. These risks and uncertainties include factors relating to:

- our goals and strategies;
- our business and operating strategies and plans for the development of existing and new businesses, ability to implement such strategies and plans and expected time;
- our future business development, financial condition and results of operations;
- expected changes in our revenues, costs or expenditures;
- our dividend policy;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers and business partners;
- the trends in, expected growth in and market size of the industries in the markets we have business and globally;
- our ability to maintain and enhance our market position;
- our ability to continue to develop new technologies and/or upgrade our existing technologies;
- developments in, or changes to, laws, regulations, governmental policies, incentives and taxation affecting our operations, in particular in the industries in which we conduct our business;
- relevant governmental policies and regulations relating to our businesses and industry;
- competitive environment, competitive landscape and potential competitor behavior in our industry; overall industry outlook in our industry;
- our ability to attract, train and retain executives and other employees;
- the development of the global financial and capital markets;
- fluctuations in inflation, interest rates and exchange rates;
- general business, political, social and economic conditions in the markets we have business;
- assumptions underlying or related to any of the foregoing; and
- other factors discussed under “Item 3. Key Information—D. Risk factors” in this annual report.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and senior management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer statistics

Not applicable.

B. Method and expected timetable

Not applicable.

ITEM 3. KEY INFORMATION

As a Cayman Islands holding company, Ebang relies on dividends and other distributions on equity paid by its operating subsidiaries for cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to its shareholders or to service any expenses it may incur. Our subsidiaries', including PRC subsidiaries', ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, under PRC law, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. The after-tax profits shall be used to cover the loss that the PRC subsidiaries made in a previous financial year before any statutory reserve is drawn therefrom, if the statutory reserve is insufficient to cover such loss. These reserves are not distributable as cash dividends. If each of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to Ebang. According to the relevant PRC regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions, the operating subsidiaries of Ebang who remit dividends to Ebang shall, on the basis of the approval document issued by the competent administrative department of overseas direct investment (the State Administration of Foreign Exchange of the PRC ("SAFE") and its branch offices) and the foreign exchange registration certificate for overseas direct investment, handle the formalities for the outward remittance of funds for overseas direct investment at a designated foreign exchange bank. The designated foreign exchange bank shall handle the formalities for the domestic institution after an authenticity check.

To date, there have not been any such dividends or other distributions from our PRC subsidiaries to our subsidiaries located outside of China. In addition, as of the date of this annual report, PRC subsidiaries have never issued any dividends or distributions to Ebang or its shareholders outside of China. Furthermore, as of the date of this annual report, neither Ebang nor any of its subsidiaries have ever paid dividends or made distributions to U.S. investors. For risks relating to the fund flows of our operations in China, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Conducting Business in China—Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our PRC operating subsidiaries, which could restrict our ability to act in response to changing market conditions in a timely manner."

Ebang is permitted under PRC laws and regulations as an offshore holding company to provide funding to its PRC subsidiaries in China through shareholder loans or capital contributions, subject to satisfaction of applicable government registration, approval and filing requirements. According to the relevant PRC regulations on foreign-invested enterprises in China, there are no quantity limits on Ebang's ability to make capital contributions to its PRC subsidiaries. However, our PRC subsidiaries may not procure loans which exceed one of the following criteria: (i) the difference between their respective registered capital and total investment amount as recorded in the Foreign Investment Comprehensive Management Information System; or (ii) the upper limit of risk-weighted outstanding cross-border financings, which equals to the capital or net assets multiplied by the cross-border financing leverage ratio multiplied by the macro-prudential adjustment parameter.

The following table presents the net cash flows from Ebang to its subsidiaries for the periods indicated:

| | Years Ended December 31, | | |
|--|--------------------------|------|--------|
| | 2023 | 2024 | 2025 |
| | US\$ | US\$ | US\$ |
| | (in thousands) | | |
| Transfers from Ebang to its subsidiaries | 45,449 | - | 27,635 |

Cash flows are principally transferred between Ebang and its subsidiaries as operating cash support, of which neither entity demands repayment.

Cash transfers between the subsidiaries are managed by our management, who decides how cash is allocated among subsidiaries based on the subsidiaries' business development and operational needs. To date, no transfer of assets other than cash has occurred between the Company and its subsidiaries. We do not anticipate that our subsidiaries will pay cash dividends in the foreseeable future.

As of date of this annual report, we have never faced difficulties or limitations on our ability to transfer cash to our subsidiaries, across borders and to U.S. investors. Currently, there are no restrictions on the ability of our subsidiaries to distribute earnings or pay dividends subject to there being sufficient distributable reserves and having relevant foreign exchange registration certificate obtained, as applicable. In the future, cash proceeds raised from overseas financing activities may continue to be transferred by Ebang to its subsidiaries via capital contribution or shareholder loans, as the case may be. We intend to retain most, if not all, of our available funds and any future earnings for the development and growth of our business overseas. We do not expect to pay dividends in the foreseeable future.

All share and price per share information in this annual report has been adjusted to reflect our one-for-thirty reverse stock split of our issued and outstanding ordinary shares, which became effective upon shareholder approval at the Company's extraordinary general meeting on November 20, 2022 at 8:00 a.m. (Singapore Time).

A. [Reserved]

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

Our business, financial condition and results of operations could be materially and adversely affected if any of the risks described below occur. As a result, the market price of our Class A ordinary shares could decline, and you could lose all or part of your investment. This annual report also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." The risks below are not the only ones facing the Company. Additional risks not currently known to us or that we currently deem immaterial may also adversely affect us. The following risk factors have been grouped as follows:

- a) Risks relating to our business;
- b) Risks relating to conducting business in China;
- c) Risks relating to our securities; and
- d) General risks.

Summary of Key Risks

Our business is subject to numerous risks and uncertainties, discussed in more detail below. These risks include, among others, the following key risks:

- Our results of operations have been and may continue to fluctuate
- We may not successfully develop, market or launch any future Fintech, renewable energy, electrical power equipment and component manufacturing or new material manufacturing businesses or continue operating our existing businesses

- The current regulatory environment in foreign markets, and any adverse changes in those environments, could have material adverse impacts on our businesses
- The money service business in which we operate requires compliance with high and strict standards in order to manage the financial and technological risks to which we may be exposed and the establishment and maintenance of adequate infrastructures, and the failure to manage these risks will have a material adverse effect on our business
- The renewable energy industry is an emerging market which is constantly evolving and may not develop to the size or at the rate we expect
- We face risks associated with the expansion of our business operations globally and if we are unable to effectively manage such risks, our business growth and profitability may be negatively affected
- Our intellectual property rights are valuable, and any inability to protect them could adversely impact our business, operating results, and financial condition
- We require various approvals, licenses, permits and certifications to operate our business. If we fail to obtain or renew any of these approvals, licenses, permits or certifications, it could materially and adversely affect our business and results of operations
- Although the financial statements contained in this annual report were issued by U.S. auditors who are currently inspected by the PCAOB, if it is later determined that the PCAOB is unable to inspect or investigate our auditor completely, investors would be deprived of the benefits of such inspection and our Class A ordinary shares may be delisted or prohibited from trading
- Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our PRC operating subsidiaries, which could restrict our ability to act in response to changing market conditions in a timely manner
- Dividends payable to our foreign investors and gains on the sale of our Class A ordinary shares by our foreign investors may become subject to PRC taxation
- Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our Class A ordinary shares for a return on your investment
- You may face difficulties in protecting your interests in the Company, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law and conduct our operations primarily in emerging markets
- Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares may view as beneficial
- We are a “controlled company” within the meaning of the Nasdaq Rules, and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies
- We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies
- We have in the past incurred and continue to incur losses and negative cash flows from operating activities, and we may not achieve or sustain profitability

Risks Relating to Our Business

We have an evolving business model and strategy

Our business model has significantly evolved since our incorporation and we expect it to continue to do so in the future. As blockchain, Fintech and renewable energy businesses become more widely available, we expect their services and products to evolve. In order to stay current with our industry, our business model will also need to evolve. As a result, from time to time, we may modify aspects of our business model relating to our strategy, including pursuing business opportunities outside of the industries in which we currently conduct our business. We cannot offer any assurance that these or any other modifications will be successful or will not result in harm to our business. These modifications may increase the complexity of our business and place significant strain on our management, personnel, operations, systems, technical performance, financial resources and internal financial control and reporting functions. We may not be able to manage growth effectively, which could damage our reputation, limit our growth and adversely affect our operating results. Further, we cannot provide any assurance that we will successfully identify all emerging trends and growth opportunities within the industries or the industry sectors into which we will venture and we may lose out on such opportunities. Such circumstances could have a material adverse effect on our business, prospects, financial condition and operating results.

Our results of operations have been and may continue to fluctuate

Our operating results have, and may continue to, fluctuate from time to time as a result of a variety of factors, many of which are unpredictable and in certain instances are outside of our control, including but are not limited to:

- crypto asset trading activity, including trading volume and the prevailing trading prices for crypto assets, which can be highly volatile;
- our ability to attract, maintain, grow, and engage our customer and developer base;
- changes in the legislative or regulatory environment, or actions by U.S. or foreign governments or regulators, including fines, orders, or consent decrees;
- regulatory changes or scrutiny that impact our ability to offer certain products or services;
- our ability to continue to diversify and grow our subscription and services revenue;
- our mix of revenue between transaction and subscription and services;
- pricing for or temporary suspensions of our products and services;
- our ability to establish and maintain partnerships, collaborations, joint ventures, or strategic alliances with third parties;

- macroeconomic conditions, including interest rates, inflation, and instability in the global banking system;
- adverse legal proceedings or regulatory enforcement actions, judgments, settlements, or other legal proceedings, and enforcement-related costs;
- the development and introduction of existing and new products and services by us or our competitors;
- the amount and timing of our operating expenses related to the maintenance and expansion of our business and operations, including investments we make in the development of products and services, as well as technology offered to our developers, international expansion, and sales and marketing;
- system failures, outages or interruptions, including with respect to our platform and third-party crypto networks;
- our lack of control over decentralized or third-party blockchains and networks that may experience downtime, cyberattacks, critical failures, errors, bugs, corrupted files, data losses, or other similar software failures, outages, breaches and losses;
- breaches of security or privacy;
- inaccessibility of our platform due to our or third-party actions;
- our ability to attract and retain talent; and
- our ability to compete with our competitors.

As a result of these factors, it is difficult for us to forecast growth trends accurately and our business and future prospects are difficult to evaluate, particularly in the short term.

In view of the rapidly evolving nature of our business, period-to-period comparisons of our operating results may not be meaningful, and investors should not rely upon them as an indication of future performance. Six months and annual expenses reflected in our financial statements may be significantly different from historical or projected rates. Our operating results in one or more future six-month periods may fall below the expectations of securities analysts and investors and the trading price of our Class A ordinary shares may be adversely affected as a result.

We may not successfully develop, market or launch any future Fintech, renewable energy , electrical power equipment and component manufacturing or new material manufacturing businesses or continue operating our existing businesses

As of the date of this annual report, we operate a self-developed proprietary cryptocurrency exchange business platform named Ebonex and a cross-border payment and foreign exchange platform named EbonFX in Australia. In December 2021 and March 2022, we received registration approval from the Australian Transaction Reports and Analysis Centre (the “AUSTRAC”) as a digital currency exchange provider and acquired a company with an Australian Financial Services Licence (“AFSL”) for engaging in financial services in Australia. In September and December 2021, we received the Trust or Company Service Provider (“TCSP”) Licences from the Companies Registry of Hong Kong, which allows us to carry on a trust or company service business in Hong Kong. In January 2022, we received registration approval as a Trust Company from the Companies Registry of Hong Kong, which allows us to engage in trust related business in Hong Kong. In September 2022, we received the Type 4 and 9 licences from the Securities and Futures Commission in Hong Kong, which allows us to carry on advising on securities and asset management service. In March 2023, we received the Money Service Operator (“MSO”) licence from Customs and Excise Department in Hong Kong, which allows us to operate money changing and remittance services. In April 2023, we received another registration approval from the AUSTRAC as a digital currency exchange provider and registration approval as an independent remittance dealer on the AUSTRAC Remittance Sector Register. In July and August 2025, we received another registration approval as an independent remittance dealer on the AUSTRAC Remittance Sector Register and received another AFSL for engaging in financial services in Australia. We are in the process of obtaining relevant license and approval for our subsidiary in Australia to engage in the renewable energy related business and we are at an initial preparatory stage of the electrical power equipment and component manufacturing and new material manufacturing in suitable regions. There is no guarantee that we will receive any additional required approvals and licenses for our proposed businesses in such jurisdictions in a timely manner or on commercially reasonable terms, or at all, or that we will commence the proposed businesses as planned, if at all. Additionally, as we have limited experience in operating the proposed businesses, we will need to obtain additional management, regulatory compliance technical expertise and devote substantial time and effort to these initiatives, which may not be as profitable as we expected or at all. In addition, we may face relevant restrictions from existing and future regulations in connection with our expansion into such lines of businesses. While we have been closely monitoring the development of the relevant regulations and have been in communication with regulatory authorities, these business initiatives may not be viable due to regulatory concerns. Our plan to develop, market or launch any future Fintech, renewable energy , electrical power equipment and component manufacturing or new material manufacturing businesses or to continue operating our existing businesses may suffer significant delays in our efforts and may ultimately not be successful. It is possible that the launch of our future Fintech, renewable energy, electrical power equipment and component manufacturing or new material manufacturing businesses may never occur, and even if the proposed businesses are successfully developed, it is possible that they will not be accessed or utilized by a sufficient number of users or will otherwise not achieve a viable business scale or market acceptance.

Adverse changes in global economic and financial conditions may negatively affect our business, financial condition and results of operations.

Our business is affected by global economic and financial conditions. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies. The conflict in Ukraine, the imposition of broad economic sanctions on Russia and the conflict in Iran has and could continue raising energy prices and could disrupt global markets. Unrest, terrorist threats and the potential for war may increase market volatility across the globe. A downturn in the global economy or disruptions in financial markets can result in reduced consumer and business spending, lower demand for our products and services, and increased default rates on accounts receivable. Such conditions may also negatively impact our ability to access capital markets and obtain financing on favorable terms. Furthermore, global economic uncertainty may cause our customers and business partners to delay or reduce their spending, which could adversely affect our business, financial condition and results of operations.

The current regulatory environment in foreign markets, and any adverse changes in those environments, could have material adverse impacts on our businesses

We currently export our products to various overseas markets, have been operating a cryptocurrency exchange platform and a cross-border payment and foreign exchange platform, and we intend to further develop our business and operations in the future to provide Fintech, renewable energy, electrical power equipment and component manufacturing and new material manufacturing businesses in suitable jurisdictions, including, but not limited to, Hong Kong, Australia and the United States. Our businesses could therefore be significantly affected by regulatory developments in such jurisdictions.

We expect that regulations governing our current and planned business operations will vary from country to country as well as within countries. We cannot assure you that we will be familiar with local laws and regulations at all times when we conduct and develop businesses and operations in a foreign country. An increase in the regulation of such operations may affect our existing or proposed businesses by increasing compliance costs or prohibiting certain or all of our existing or proposed activities. In addition, existing and proposed laws and regulations can delay or impede the development of new products and/or services, result in negative publicity, decrease demand for our products and/or services, require significant management time and attention, and subject us to claims or other remedies, including fines or demands that we modify or cease existing business practices.

Furthermore, any action brought against us or our customers by a foreign regulator, or by an individual in a private action, based on foreign law could cause us or our customers to incur significant legal expenses and divert our management's attention from the operation of the business. If our or our customers' operations are found to be in violation of any laws and regulations, we or they may be subject to penalties associated with the violation, including civil and criminal penalties, damages and fines. This could in turn require us to curtail or cease all or some operations. Regulatory action or regulatory change could also decrease demand for our products and services, which would be harmful to the success of our business.

The future development and growth of the cryptocurrency and digital assets industry is subject to a variety of factors that are difficult to predict and evaluate. If the cryptocurrency and digital assets industry does not grow as we expect, our business, operating results, and financial condition could be adversely affected

Cryptocurrency assets built on blockchain technology were only introduced in 2008 and remain in the early stages of development. In addition, different digital assets are designed for different purposes. Bitcoin, for instance, was designed to serve as a peer-to-peer electronic cash system, while Ethereum was designed to be a smart contract and decentralized application platform. Many other digital asset networks, ranging from cloud computing to tokenized securities networks, have only recently been established. The further growth and development of any digital assets and their underlying networks and other cryptographic and algorithmic protocols governing the creation, transfer, and usage of digital assets represent a new and evolving paradigm that is subject to a variety of factors that are difficult to evaluate, including:

- many digital asset networks have limited operating histories, have not been validated in production, and are still in the process of developing and making significant decisions that will affect the design, supply, issuance, functionality, and governance of their respective digital assets and underlying blockchain networks, any of which could adversely affect their respective digital assets;

- many digital asset networks are in the process of implementing software upgrades and other changes to their protocols, which could introduce bugs, security risks, or adversely affect the respective digital asset networks;
- several large and prominent networks, including Bitcoin and Ethereum, are developing new features to address fundamental speed, scalability, and energy usage issues. If these issues are not successfully addressed, or are unable to receive widespread adoption, it could adversely affect the underlying cryptocurrency and other digital assets;
- security issues, bugs, and software errors have been identified with many digital assets and their underlying blockchain networks, some of which have been exploited by malicious actors. There are also inherent security weaknesses in some digital assets, such as when creators of certain digital asset networks use procedures that could allow hackers to counterfeit tokens. Any weaknesses identified with a digital asset could adversely affect its price, security, liquidity, and adoption. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the compute or staking power on a digital asset network, as has happened in the past, it may be able to manipulate transactions, which could cause financial losses to holders, damage the network's reputation and security, and adversely affect its value;
- the development of new technologies for mining, such as improved ASICs, or changes in industry patterns, such as the consolidation of mining power in a small number of large mining farms, could reduce the security of blockchain networks, lead to increased liquid supply of digital assets, and reduce a digital asset's price and attractiveness;
- if rewards and transaction fees for miners or validators are not sufficiently high to attract and retain miners, a digital asset network's security and speed may be adversely affected, increasing the likelihood of a malicious attack;
- the governance of many decentralized blockchain networks is by voluntary consensus and open competition, and many developers are not directly compensated for their contributions. As a result, there may be a lack of consensus or clarity on the governance of any particular cryptocurrency network, a lack of incentives for developers to maintain or develop the network, and other unforeseen issues, any of which could result in unexpected or undesirable errors, bugs, or changes, or stymie such network's utility and ability to respond to challenges and grow; and
- many digital asset networks are in the early stages of developing partnerships and collaborations, all of which may not succeed and adversely affect the usability and adoption of the respective digital assets.

Various other technical issues have also been uncovered from time to time that resulted in disabled functionalities, exposure of certain users' personal information, theft of users' assets, and other negative consequences, and which required resolution with the attention and efforts of their global miner, user, and development communities. If any such risks or other risks materialize, and in particular if they are not resolved, the development and growth of the digital asset space may be significantly affected and, as a result, our business, operating results, and financial condition could be adversely affected.

The money service business in which we operate requires compliance with high and strict standards in order to manage the financial and technological risks to which we may be exposed and the establishment and maintenance of adequate infrastructures, and the failure to manage these risks will have a material adverse effect on our business

In light of the various regulatory and compliance requirements in place with regards to money services businesses, we are expected to prepare and provide all mechanisms and infrastructures in order to meet such requirements. Such mechanisms and infrastructures must be established even during the license application stage, which include, *inter alia*, safekeeping users' funds, data protection, anti-money laundering, consumer protection and preventing cyber and financial crimes. The need for these infrastructures connotes to having certain policies in place, which may include KYC procedures and a robust technological system which can aid in the identification, prevention and mitigation of such risks.

As discussed, the risks of running a money services business are multifaceted. The failure to establish and maintain such infrastructure could mean two things; *firstly*, we may face the risk of failing to obtain the relevant approval and license from applicable regulators, in countries where we intend to obtain such licenses such as Australia; and *secondly*, even in jurisdictions in which we have previously obtained license and approvals, such as in Hong Kong and Australia, we may face penalties imposed by applicable regulators which may include but are not limited to the suspension, revocation, and termination of such licenses and approvals should we breach any regulatory and compliance requirements. In addition to any threat to our licenses in the event of a breach, regulators also have the power to enforce pecuniary measures, including but not limited to significant fines and the commencement of legal proceedings. The possibility of such actions presents a financial, commercial, human resources and reputational risk to money services businesses, which must be mitigated by adequate funding, operational infrastructure and strict compliance controls. Failure to manage such risks may result in a material adverse effect to our business operations.

Any decrease in our receipt of fees and charges, or limitations on our fees and charges, could adversely affect our business, results of operations and financial condition

Our cross-border payment solutions include a variety of fees and charges associated with transactions. If the users of our products and services decrease their transaction activities, or the extent to which they use alternative services, our revenue in connection with the cross-border payment business could be materially adversely affected. In addition, several market factors can affect the amount of our fees and charges, including the market for similar charges for competitive products. Furthermore, regulators in relevant jurisdictions in which we conduct or intend to conduct our cross-border payment business have scrutinized the electronic payments industry's pricing, charges and other practices related to its customers. Any restrictions on our ability to price our products and services could materially and adversely affect our revenue.

The renewable energy industry is an emerging market which is constantly evolving and may not develop to the size or at the rate we expect

The renewable energy industry is an emerging and constantly evolving market opportunity. We believe the renewable energy industry will still take several years to fully develop and mature, and we cannot be certain that the market will grow to the size or at the rate we expect. Any future growth of the renewable energy market and the success of our renewable service offerings depend on many factors beyond our control, including recognition and acceptance of the renewable service market by consumers, the pricing of alternative sources of energy, a favorable regulatory environment, the continuation of expected tax benefits and other incentives, and our ability to provide our renewable service offerings cost-effectively. If the markets for renewable energy do not develop to the size or at the rate we expect, our business may be adversely affected.

Renewable energy, and in particular, solar energy, has yet to achieve broad market acceptance and depends in part on continued support in the form of rebates, tax credits, and other incentives from federal, state and local governments. The reduction, elimination or expiration of government subsidies and economic incentives could materially and adversely affect the cash flows and value of a particular portfolio company, the flow of potential future portfolio company opportunities and the value of any platform in the sector. In addition, changes in local, state, or federal regulations, especially those related to energy use and environmental standards, could delay project timelines or increase costs. Ensuring compliance with evolving industry, environmental and cybersecurity standards may necessitate additional investments in technology and personnel, impacting our overall profit margins. Furthermore, growth in commercial and residential solar energy depends in part on macroeconomic conditions, retail prices of electricity and customer preferences, each of which can change quickly. Declining macroeconomic conditions, including in the job markets and commercial and residential real estate markets, could contribute to instability and uncertainty among customers and impact their financial wherewithal, credit scores or interest in entering into long-term contracts, even if such contracts would generate immediate and long-term savings.

Furthermore, market prices of retail electricity generated by utilities or other energy sources could decline for a variety of reasons, including declining costs related to raw materials and manufacturing. Any such declines in macroeconomic conditions, changes in retail prices of electricity or changes in customer preferences would adversely impact our business.

In addition, the development and operation of renewable assets may at times be subject to public opposition. While public opposition is usually of greatest concern during the development stage of renewable assets, continued opposition could have an impact on our ongoing operations.

In order to remain competitive and to continue to increase our revenues and earnings, we must continually and quickly update our services, a process that could result in higher costs and the loss of revenues, earnings and customers if the new services do not perform as intended or are not accepted in the marketplace

The payments technology industry in which we compete is characterized by rapid technological change, new product introductions, evolving industry standards and changing customer needs. In order to remain competitive, we are continually involved in a number of projects, including the development of new platforms, mobile payment applications, e-commerce services and other new offerings emerging in the payments technology industry. These projects carry the risks associated with any development effort, including cost overruns, delays in delivery and performance problems. In the payments technology markets, these risks are even more acute. Any delay in the delivery of new services or the failure to differentiate our services could render our services less desirable to customers, or possibly even obsolete, which as a result could materially and adversely affect our revenue and results of operations.

Our cross-border payment business depends on our relationships with banks and other financial institutions around the world, which may impose fees, restrictions and compliance burdens on us that make our operations more difficult or expensive

Our cross-border payment business includes facilitation of payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations. Increased regulation and compliance requirements are impacting these businesses by making it more costly for us to provide our solutions or by making it more cumbersome for businesses to do business with us. Any factors that increase the cost of cross-border trade for us or our customers or that restrict, delay, or make cross-border trade more difficult or impractical, such as trade policy (including restrictions arising out of the Russian and Ukrainian conflict) or higher tariffs, could negatively impact our revenues and harm our business. We may also have difficulty establishing or maintaining banking relationships needed to conduct our services due to banks' policies.

If we are unable to manage our growth or execute our strategies effectively, our business, results of operations and financial condition may be materially and adversely affected

As of the date of this annual report, we have been operating a cryptocurrency exchange platform and a cross-border payment and foreign exchange platform outside the PRC; have received registration approval as a digital currency exchange provider, acquired a company with an AFSL and received an AFSL through another subsidiary, obtained registration approval as an independent remittance dealer in Australia; received the MSO Licence, Type 4 and 9 licences, the TCSP licences and registration approval as a Trust Company in Hong Kong; and we are in the process of obtaining relevant licence and approval for our subsidiary in Australia to engage in the renewable energy related business. We may fail to successfully execute our expansion plan due to our limited resources and other reasons beyond our control. For example, our Fintech and renewable energy related services and/or products may be unable to compete effectively with other similar services and/or products already available to the Fintech or renewable energy community. We may also not be able to predict the trends and market size of such industries. Should we fail to successfully manage our growth or implement our strategies, the resources we allocate to the new business lines will be wasted, and our business, results of operations and financial condition could be materially and adversely affected.

Each of our subsidiaries in Australia, Hong Kong, the United States and other overseas jurisdictions have a limited operating history, which makes it hard for us to evaluate their abilities to generate revenue through operations, and to date, some of them has not generated material revenue from any commercially available blockchain products, Fintech services, or renewable energy products

Our subsidiaries in Australia, Hong Kong, the United States and other overseas jurisdictions have been formed since 2020 primarily for the purpose of establishing our blockchain, Fintech and renewable energy businesses, while also allowing for the exploration and development of other business activities in accordance with our overall strategic planning and evolving market conditions. Their limited operating history and the relative immaturity of certain of the industries in which such subsidiaries operate make it difficult for us to evaluate their current business and future prospects. They have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges in forecasting accuracy, determining appropriate uses of their limited resources, gaining market acceptance, managing a complex and evolving regulatory landscape and developing, integrating or scaling new products and services. As industry conditions, regulatory environments and market demand continue to evolve, we may adjust our strategic deployment, business focus and operating model from time to time, including through modifications to the scope and operations of our overseas subsidiaries, and as a result, these subsidiaries' current or future operating model may require changes in order for them to scale their operations efficiently and be successful. Investors in our securities should consider the business and prospects of our overseas subsidiaries in light of the risks and uncertainties they face as early-stage companies operating in emerging and evolving industries, including but not limited to blockchain, Fintech, renewable energy and other business areas that we may pursue in the future, such as electrical power equipment and component manufacturing and new material manufacturing.

We face risks associated with the expansion of our business operations globally and if we are unable to effectively manage such risks, our business growth and profitability may be negatively affected

We intend to grow our business in part by expanding our sales network and operations internationally. Our expansion plans include possibly establishing a manufacturing facility and offices for sales, research and development and other operations in the United States; and we are at an early stage of establishing Fintech service platforms and renewable energy businesses in Australia and other overseas jurisdictions. Any significant deterioration in the relationship between any of these countries and region may have a material and adverse effect on our proposed business operations in these jurisdictions. However, there are risks associated with such global expansion plans, including:

- high costs of investment to establish a presence in a new market and manage international operations;
- competition in unfamiliar markets;
- foreign currency exchange rate fluctuations;
- regulatory differences and difficulties in ensuring compliance with multi-national legal requirements and multi-national operations;
- changes in economic, legal, political or other local conditions in new markets;
- our limited customer base and limited sales and relationships with international customers;
- competitors in the overseas markets may be more dominant and have stronger ties with customers and greater financial and other resources;
- challenges in managing our international sales channels effectively;
- difficulties in and costs of exporting products overseas while complying with the different commercial, legal and regulatory requirements of the overseas markets in which we offer our products;

- difficulty in ensuring that our customers comply with the sanctions imposed by the Office of Foreign Assets Control (“OFAC”), on various foreign states, organizations and individuals;
- inability to obtain, maintain or enforce intellectual property rights;
- inability to effectively enforce contractual or legal rights or intellectual property rights in certain jurisdictions under which we operate; and
- governmental policies favoring domestic companies in certain foreign markets or trade barriers including export requirements, tariffs, taxes and other restrictions and charges. In particular, a worldwide trend in favor of nationalism and protectionist trade policy and the ongoing trade dispute between the United States and China as well as other potential international trade disputes could cause turbulence in international markets. These government policies or trade barriers could increase the prices of our products and make us less competitive in such countries.

If we are unable to effectively manage such risks, we may encounter difficulties in our overseas expansion plans and our business, reputation, results of operations and financial condition may be impaired.

The businesses that we are pursuing through certain of our subsidiaries’ initiatives are novel and subject to technical, operational, financial, regulatory, legal, reputational and marketing risks and we cannot assure you that such acquisitions or strategic alliances may be successfully implemented

We have and may continue to acquire interests in various businesses, including but not limited to Fintech companies, digital currency transfer and payment, renewable energy, electrical power equipment and component manufacturing and new material manufacturing businesses. We have limited experience with the operation of such businesses. For example, government policies and regulations on power, including renewable energy, vary among different countries and states depending on the development and usage of power sources. Licenses and registrations that we may be required to obtain may subject us to various anti-money laundering, KYC, record-keeping, reporting and capital and bonding requirements, limitations on the investment of customer funds, and inspection by regulatory agencies. These are areas in which we do not have substantial experience and which are subject to the risks of novel businesses, including technical, operational, financial, regulatory, legal and reputational risks, as well as the risk that we may be unable to market, license or sell our technology successfully or profitably. The occurrence of any such risks, any such penalties, or even allegations of criminal or civil misconduct, could have a material adverse effect on us and on our financial results and business.

We may look for other potential acquisitions or strategic alliances in the future 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 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.

We depend on major mobile operating systems and third-party platforms for the distribution of certain products and services. If Google Play, the Apple App Store, or other platforms prevent customers from downloading our apps, our ability to grow may be adversely affected

We rely upon third-party platforms for the distribution of certain products and services. Our Ebonex apps are provided to eligible users as free applications through both the Apple App Store and the Google Play Store. The Google Play Store and Apple App Store are global application distribution platforms and the main distribution channels for our apps. As such, the promotion, distribution, and operation of our apps are subject to the respective platforms' terms and policies for application developers, which are very broad and subject to frequent changes and re-interpretation. Further, these distribution platforms often contain restrictions related to cryptocurrency assets that are uncertain, broadly construed, and can limit the nature and scope of services that can be offered. If our products are found to be in violation of any such terms and conditions, we may no longer be able to offer our products through such third-party platforms. There can be no guarantee that third-party platforms will continue to support our product offerings, or that customers will be able to continue to use our products. In addition, we may, from time to time, based on changes in our business strategy, regulatory considerations, compliance requirements, or other operational factors, adjust our reliance on, or use of, certain third-party distribution platforms, including making changes to the manner, scope or extent of such use. Any changes, bugs, technical or regulatory issues with third-party platforms, our relationships with mobile manufacturers and carriers, or changes to their terms of service or policies could degrade our products' functionalities, reduce or eliminate our ability to distribute our products, give preferential treatment to competitive products, limit our ability to deliver high quality offerings, or impose fees or other charges, or otherwise affect the availability, visibility or accessibility of our products, any of which could affect our product usage and harm our business.

Our intellectual property rights are valuable, and any inability to protect them could adversely impact our business, operating results, and financial condition

Our business depends in large part on our proprietary technology and our brand. We rely on, and expect to continue to rely on, a combination of patent, trademark, trade dress, domain name, copyright, and trade secrets, as well as confidentiality and license agreements with our employees, contractors, consultants, and third parties with whom we have relationships, to establish and protect our brand and other intellectual property rights. However, our efforts to protect our intellectual property rights may not be sufficient or effective. Our proprietary technology and trade secrets could be lost through misappropriation or breach of our confidentiality and license agreements, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering products, services, or technologies that are substantially similar to ours and that compete with our business. As a result, we may be forced into an adverse price competition that reduces our profit margin.

Our ability to successfully defend intellectual property challenges from competitors and other parties may depend, in part, on our ability to counter-assert our patents defensively. Effective protection of our intellectual property may be expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights. As we have grown, we have sought to obtain and protect our intellectual property rights in an increasing number of countries, a process that can be expensive and may not always be successful. In some instances, patent applications or patents may be abandoned or allowed to lapse, resulting in partial or complete loss of patent rights in a relevant jurisdiction. Further, intellectual property protection may not be available to us in every country in which our products and services are available. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. We may also agree to license our patents to third parties as part of various patent pools and open patent projects. Those licenses may diminish our ability, though, to counter-assert our patents against certain parties that may bring claims against us. Even when we are able to obtain intellectual property rights protections, there is no guarantee that we will be able to effectively enforce our rights. In this respect, we may incur expenses and efforts to monitor and enforce our intellectual property rights. Infringement of our intellectual property rights and the resulting diversion of resources to protect such rights through litigation or other means could also adversely affect our profitability.

Our crypto exchange business revenue is substantially dependent on the prices of crypto assets and volume of transactions conducted on our platform. If such price or volume declines, our crypto exchange business and financial condition would be adversely affected

Our crypto exchange business revenue is largely generated from transaction fees on our platform in connection with the purchase, sale, and trading of crypto assets by our customers. Transaction revenue is based on transaction fees that are either a flat fee or a percentage of the value of each transaction. For our consumer trading product, we also charge a spread to ensure that we are able to settle purchases and sales at the prices we quote to customers. Declines in the volume of crypto asset transactions, the price of crypto assets, or market liquidity for crypto assets generally may result in lower total revenue to us.

The price of crypto assets and associated demand for buying, selling, and trading crypto assets have historically been subject to significant volatility. If the price and transaction volume of crypto assets decline in the future, our ability to generate revenue from our crypto exchange business may suffer and customer demand for our products and services may decline, which could adversely affect our crypto exchange business, related operating results and financial condition.

The price and transaction volume of any crypto asset is subject to significant uncertainty and volatility, depending on a number of factors, including:

- market conditions of, and overall sentiment towards, crypto assets and the cryptoeconomy, including, but not limited to, as a result of actions taken by or developments of other companies in the cryptoeconomy;
- changes in liquidity, market-making volume, and trading activities;
- trading activities on other crypto platforms worldwide, many of which may be unregulated, and may include manipulative activities;
- investment and trading activities of highly active consumer and institutional users, speculators, miners, and investors;
- the speed and rate at which crypto is able to gain adoption as a medium of exchange, utility, store of value, consumptive asset, security instrument, or other financial assets worldwide, if at all;
- decreased user and investor confidence in crypto assets and crypto platforms;
- negative publicity and events relating to the cryptoeconomy;
- unpredictable social media coverage or “trending” of, or other rumors and market speculation regarding, crypto assets;
- the ability for crypto assets to meet user and investor demands;
- the functionality and utility of crypto assets and their associated ecosystems and networks, including crypto assets designed for use in various applications;
- consumer preferences and perceived value of crypto assets and crypto asset markets;
- increased competition from other payment services or other crypto assets that may exhibit better speed, security, scalability, or other characteristics;
- adverse legal proceedings or regulatory enforcement actions, judgments, or settlements impacting cryptoeconomy participants;
- regulatory or legislative changes, scrutiny and updates affecting the cryptoeconomy;
- the characterization of crypto assets under the laws of various jurisdictions around the world;

- the adoption of unfavorable taxation policies on crypto asset investments by governmental entities;
- the maintenance, troubleshooting, and development of the blockchain networks underlying crypto assets, including by miners, validators, and developers worldwide;
- the ability for crypto networks to attract and retain miners or validators to secure and confirm transactions accurately and efficiently;
- legal and regulatory changes affecting the operations of miners and validators of blockchain networks, including limitations, and prohibitions on mining activities, or new legislative or regulatory requirements as a result of growing environmental concerns around the use of energy in Bitcoin and other proof-of-work mining activities;
- ongoing technological viability and security of crypto assets and their associated smart contracts, applications and networks, including vulnerabilities against hacks and scalability;
- speed and fees associated with processing crypto asset transactions, including on the underlying blockchain networks and on crypto platforms;
- financial strength of market participants;
- the availability and cost of funding and capital;
- the liquidity and credit risk of other crypto platforms and other participants of the cryptoeconomy;
- interruptions or temporary suspensions or other compulsory restrictions in products or services from or failures of major crypto platforms;
- availability of an active derivatives market for various crypto assets;
- availability of banking and payment services to support crypto-related projects;
- instability in the global banking system and the level of interest rates and inflation;
- monetary policies of governments, trade restrictions, and fiat currency devaluations; and
- national and international economic and political conditions.

There is no assurance that any supported crypto asset will maintain its value or that there will be meaningful levels of trading activities. In the event that the price of crypto assets or the demand for trading crypto assets decline, our crypto exchange business, related operating results, and financial condition would be adversely affected.

Meaningful concentration of revenue generated from our cryptocurrency exchange business comes from stablecoin income related to fiat and USDT. If revenue from these areas declines and is not replaced by new demand for crypto assets or other products and services, our business, operating results, and financial condition could be adversely affected

While we support a diverse portfolio of crypto assets for trading and custody, our net revenue from our crypto exchange platform is concentrated in a limited number of areas, such as transaction fees in connection with Bitcoin, Ethereum and stablecoins such as USDC and USDT. In addition to the factors impacting the broader cryptoeconomy described in this section, our revenue may be adversely affected if the markets for Bitcoin and Ethereum deteriorate or if their prices decline, including as a result of the following factors:

- the reduction in blockchain transaction fees of Bitcoin, including block reward halving events, which are events that occur after a specific period of time and reduce the block reward earned by miners;
- public sentiment related to the actual or perceived environmental impact of Bitcoin, Ethereum, and related activities, including environmental concerns raised by private individuals and governmental actors related to the energy resources consumed in the Bitcoin mining process;

- disruptions, hacks, splits in the underlying networks also known as “forks,” attacks by malicious actors who control a significant portion of the networks’ hash rate such as double spend or 51% attacks, or other similar incidents affecting the Bitcoin or Ethereum blockchain networks;
- hard “forks” resulting in the creation of and divergence into multiple separate networks, such as Bitcoin Cash and Ethereum Classic;
- informal governance led by Bitcoin and Ethereum’s core developers that lead to revisions to the underlying source code or inactions that prevent network scaling, and which evolve over time largely based on self-determined participation, which may result in new changes or updates that affect their speed, security, usability, or value;
- the ability for Bitcoin and Ethereum blockchain networks to resolve significant scaling challenges and increase the volume and speed of transactions;
- the ability to attract and retain customers and developers to use Bitcoin and Ethereum for payment, store of value, unit of accounting, and other intended uses and the absence of another supported crypto asset to attract and retain developers and customers for the same;
- transaction congestion and fees associated with processing transactions on the Bitcoin and Ethereum networks and the absence of another supported crypto asset to replace these transactions;
- the identification of Satoshi Nakamoto, the pseudonymous person or persons who developed Bitcoin, or the transfer of Satoshi’s Bitcoins;
- negative perception of Bitcoin or Ethereum;
- developments in mathematics and technology, including in digital computing, algebraic geometry, and quantum computing that could result in the cryptography being used by Bitcoin and Ethereum becoming insecure or ineffective;
- adverse legal proceedings or regulatory enforcement actions, judgments, or settlements impacting cryptoeconomy participants;
- regulatory, legislative or other compulsory or informal restrictions or limitations on Bitcoin or Ethereum lending, mining or staking activities;
- liquidity and credit risk issues experienced by other crypto platforms and other participants of the cryptoeconomy; and
- laws and regulations affecting the Bitcoin and Ethereum networks or access to these networks, including a determination that either Bitcoin or Ethereum constitutes a controlled or otherwise regulated financial instrument under the laws of any jurisdiction.

In addition, our revenue generated from exchange of stablecoins depends on a variety of factors, including demand for our crypto exchange business, demand for USDC and USDT, the overall respective USDC and USDT market capitalizations, the balance of USDC and USDT on our platform, interest rates, and ongoing relationships with third parties. If such factors are negatively impacted, our business, operating results, and financial condition could be adversely affected.

The development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs Bitcoin assets based upon a computer-generated mathematical and/or cryptographic protocol. Large-scale acceptance of cryptocurrencies as a means of payment has not occurred, and may never occur. The growth of this industry in general, and the use of Bitcoin, in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur unpredictably. The factors include, but are not limited to:

- continued worldwide growth in the adoption and use of cryptocurrencies as a medium to exchange;
- governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar Bitcoin systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the network;
- the increased consolidation of contributors to the Bitcoin blockchain through mining pools;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- the use of the networks supporting cryptocurrencies for developing smart contracts and distributed applications;
- general economic conditions and the regulatory environment relating to cryptocurrencies; and
- negative consumer sentiment and perception of Bitcoin specifically and cryptocurrencies generally.

The outcome of these factors could have negative effects on our ability to continue as a going concern or to pursue our cryptocurrency exchange business strategy at all, which could have a material adverse effect on our business, prospects or operations as well as potentially negative effect on the value of any Bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account, which would harm investors in our securities.

There is a lack of liquid markets for cryptocurrencies, and blockchain/Bitcoin-based assets are susceptible to potential manipulation

Cryptocurrencies that are represented and traded on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules, and monitoring investors transacting on such platforms for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more lax a distributed ledger platform is about vetting issuers or users that transact in cryptocurrencies on a platform, the higher the potential risk for fraud or the manipulation of the ledger due to a control event. These factors may decrease liquidity or volume or may otherwise increase volatility of investment securities or other assets trading on a ledger-based system, which may adversely affect our cryptocurrency exchange platform. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our cryptocurrency exchange business strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account and harm investors.

The activities of stablecoin issuers and their regulatory treatment may affect our cryptocurrency exchange platform and the price of Bitcoin more broadly

We may be exposed to risks that stablecoins pose for Bitcoin and other digital asset markets. Stablecoins are digital assets designed to have a stable value over time as compared to typically volatile digital assets. Although the prices of stablecoins are intended to be stable, their market values may fluctuate. This volatility has in the past indirectly or apparently impacted the price of Bitcoin, Ethereum and other cryptocurrencies. Stablecoins are a relatively new phenomenon whereby assets held in stablecoins has increased significantly over the past few years, such that it is impossible to know all of the risks that they could pose to participants in the bitcoin market. In addition, some have argued that certain stablecoins are improperly issued without sufficient backing in a way that, when the stablecoin is used to pay for Bitcoin, could cause artificial rather than genuine demand for Bitcoin, which may artificially inflate the price of Bitcoin. Some issuers of stablecoins may not be vetted or regulated, and it is not always possible to discern whether there is sufficient backing for a given stablecoin or other mechanisms to maintain a stable price for the asset. In addition, it is not possible to eliminate the possibility that some stablecoins are involved in illicit activities. Given the foundational role that stablecoins play in global digital asset markets, their fundamental liquidity can have a dramatic impact on (i) our cryptocurrency exchange platform, which transacts in stablecoins, and (ii) the broader digital asset market, including the market for Bitcoin. Because a large portion of the digital asset market trading volume occurs in stablecoins, there is a risk that actual or perceived loss of value or backing could disrupt the digital asset market, including via a disorderly de-pegging or a run on stablecoins could lead to dramatic market volatility in digital assets more broadly. Perceived or actual volatility in stablecoins, operational issues with stablecoins (for example, technical issues that prevent settlement), concerns about the sufficiency of any reserves that support stablecoins or potential manipulative activity when unbacked stablecoins are used to pay for other digital assets (including Bitcoin), or regulatory concerns or actions about stablecoin issuers or intermediaries, such as platforms including exchange platforms like ours, that support stablecoins, could impact both the digital assets market and individuals' willingness to trade on trading venues that rely on stablecoins, reduce liquidity in the Bitcoin and broader digital asset markets, and affect the value of Bitcoin and digital assets more broadly.

Our use of open source software code may subject our software to general release or require us to re-engineer our software, which could harm our business

Our technology platform uses open source software code. Companies that incorporate open source software into their products have, from time to time, faced claims challenging the ownership of open source software. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. In addition, some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code in their software and make any derivative works of the open source code available on unfavorable terms or at no cost. Open source license terms may be ambiguous, and many of the risks associated with usage of open source software cannot be eliminated. We believe that our use of open source software is in compliance with the relevant open source software licenses and does not require disclosure of any of our source code. However, if we were found to have inappropriately used open source software, we may be required to release our proprietary source code, reengineer or discontinue use of our software or take other remedial action any or all of which could cause disruptions in, or impose significant costs on, our business.

We plan to increase our export of products to the United States and the European Union in the future, which may be subject to high tariff rates resulting from protectionism trade policies, and as a result, our future sales volumes, profitability and results of operations will be materially and adversely affected

Historically, only a small portion of our mining machines were exported to the United States and no renewable energy product was exported to the United States. Going forward we plan to increase our export of products to the U.S. market, including but not limited to, renewable energy products , electrical power equipment and components, new material products. However, the United States and China have recently been involved in controversy over trade barriers that have threatened a trade war between these two countries, and have implemented tariffs on certain imported products. Although the United States had not announced any trade policies that may directly impact the export of our products as of the date of this annual report, we cannot accurately predict whether any anti-dumping duties, tariffs or quota fees will be imposed on our products by the United States in the future. Any tariff or other trade restriction on imported goods could increase the cost of our products to customers and building products facilities in the United States, disrupt supply chains, or increase compliance and administrative costs, thereby reducing the competitiveness of our products in the U.S. market. As a result, our future sales volumes, profitability and results of operations could be adversely affected.

In addition, we also intend to increase our export of products to the European Union in the future. However, the worldwide populism trend that calls for protectionism trade policy and potential international trade disputes could cause turbulence in the international markets. These government policies or trade barriers could increase the prices of our products and cause us to lose our sales and market share to our competitors in these countries.

The average selling prices of certain products may decrease from time to time due to technological advancement and we may not be able to pass onto our suppliers such decreases, which may in turn adversely affect our profitability

The industries in which we operate are characterized by rapid launches of new products, continuous technological advancements and changing market trends and customer preferences, all of which translate to a shorter life cycle and a decrease in the average selling prices of products over time. Because we compete in the environment of rapidly-evolving technology advancement and market trends and developments of such industries, we cannot assume that we will be able to pass on any decrease in average selling prices of our products to our suppliers. If the average selling prices of our products unusually or significantly decrease and such decreases cannot be offset by a corresponding decrease in the prices of the principal components of our products, our gross profit margins may be materially and adversely affected, which in turn, may adversely affect our profitability.

We may not be able to price our products at our desired margins as a result of any decrease in our bargaining power or changes in market conditions

We set prices for our products based on a number of internal and external factors, such as the cost of production, the technological contents of our products, market conditions, and competition that we face. Our ability to set favorable prices at our desired margins and to accurately estimate costs, among other factors, has a significant impact on our profitability. We cannot assure you that we will be able to maintain our pricing or bargaining power or that our gross profit margin will not be driven down by market conditions or other factors. If we see higher pricing pressure due to intensified competition from other manufacturers as our competitors' products may be more technologically advanced or energy-efficient, decreases in prices to our customers in the end market or any other reasons, or if we otherwise lose bargaining power due to weaker demand for our products, we may need to reduce the prices and lower the margins of our products and we may even be unable to continue to market our products at all. Moreover, we may not be able to accurately estimate our costs or pass on all or part of any increase in our costs of production, in particular the costs of raw materials, components and parts, to our customers.

Shortages in, or rises in the prices of, the components of our products may adversely affect our business

Given the long production period to manufacture, assemble, and deliver certain components and products, problems could arise in planning production and managing inventory levels that could seriously interrupt our operations, including the possibility of defective parts, an increase in component costs, delays in delivery schedules, and shortages of components. For example, our renewable energy products rely on components such as inverters, batteries, battery enclosures, connectors, and other structural components. The production of these current products depends on obtaining adequate supplies of these components on a timely basis and at competitive prices. We do not typically maintain large inventory of the components, and rather purchase them on an “as-needed” basis from various third-party component manufacturers that satisfy our quality standards and meet our production requirements. We may have to turn to less reputable suppliers if we cannot source adequate components from our regular suppliers. Under such circumstances, the quality of the components may suffer and could cause performance issues in our products.

Shortages of components could result in reduced production or delays in production, as well as an increase in production costs, which may negatively affect our ability to fulfill orders or make timely shipments to our customers, as well as our customer relationships and profitability. Component shortages may also increase our costs of goods sold because we may be required to pay higher prices for components in short supply, or redesign or reconfigure products to accommodate for the substitute components, without being able to pass such cost to our customers. As a result, our business, results of operations and reputation could be materially and adversely affected by any product defects.

Cryptocurrency exchanges and wallets, and to a lesser extent, cryptocurrency blockchains themselves, may be susceptible to hacking and fraud risks, which may adversely erode user confidence in cryptocurrencies, and adversely impact our brand and reputation and our business, operating results, and financial condition

Cryptocurrency transactions are entirely digital and, as with any virtual system, face risk from hackers, malware and operational glitches. For example, hackers can target cryptocurrency exchanges, wallets, and custodians to gain unauthorized access to the private keys associated with the wallet addresses where cryptocurrencies are stored. Cryptocurrency transactions and accounts are not insured by any type of government program and cryptocurrency transactions generally are immutable by design. Certain features of cryptocurrency networks, such as decentralization, open source protocols, and reliance on peer-to-peer connectivity, may increase the risk of fraud or cyberattack by potentially reducing the likelihood of a coordinated response. Cryptocurrencies have been susceptible to hacking and several cryptocurrency exchanges and miners have reported cryptocurrency losses, which highlights the concern over the security of cryptocurrencies and in turn affects the demand and the market price of cryptocurrencies. In addition, while cryptocurrencies use private key encryption to verify owners and register transactions, scammers and other bad actors may attempt to sell fraudulent digital assets. The techniques used to obtain unauthorized, improper, or illegal access to systems and information (including customers’ personal data and digital assets), disable or degrade services, or sabotage systems are constantly evolving, may be difficult to detect quickly, and often are not recognized or detected until after they have been launched against a target. Additionally, certain threats are designed to remain dormant or undetectable until launched against a target and we may not be able to implement adequate preventative or protective measures. These risks may adversely affect the operation of the cryptocurrency network which would erode user confidence in digital assets, or in the use of technology to conduct financial transactions, which could negatively impact us, including the market perception of the effectiveness of our security measures and the technology infrastructure of our exchange platforms.

In particular, our cryptocurrency exchange business involves the collection, storage, processing, and transmission of confidential information, customer, employee, service provider, and other personal data, as well as information required to access customer assets. We have built our reputation on the premise that our platforms offer customers a secure way to purchase, store, and transact in digital assets. As a result, any actual or perceived security breach of our exchange platforms or our third-party partners may:

- harm our reputation and brand;
- result in our systems or services being unavailable and interrupt our operations;
- result in improper disclosure of data and violations of applicable privacy and data protection laws;
- result in significant regulatory scrutiny, investigations, fines, penalties, and other legal, regulatory, and financial exposure;
- cause us to incur significant remediation costs;
- lead to theft or irretrievable loss of our or our customers' fiat currencies or digital assets;
- reduce customer confidence in, or decreased use of, our products and services;
- divert the attention of management from the operation of our business;
- result in significant compensation or contractual penalties from us to our customers or third parties as a result of losses to them or claims by them; and
- adversely affect our business and operating results.

Although we have developed systems and processes designed to protect the data we manage, prevent data loss and other security breaches, effectively respond to known and potential risks, and expect to continue to expend significant resources to bolster these protections, there can be no assurance that these security measures will provide absolute security or prevent breaches or attacks. As of the date of this annual report, we have not experienced material breaches of our security measures, however, we may experience in the future, material breaches of our security measures due to human error, malfeasance, insider threats, system errors, vulnerabilities, or other irregularities. Certain types of cyberattacks could harm us even if our systems are left undisturbed. Unauthorized parties may attempt to gain access to our systems and facilities, as well as those of our customers, partners, and third-party service providers, through various means, including hacking, social engineering, phishing, and attempting to fraudulently induce individuals (including employees, service providers, and customers) into disclosing usernames, passwords, payment card information, digital wallet information or other sensitive information, which may in turn be used to access our information technology systems and customers' digital assets. Threats can come from a variety of sources, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, and insiders. Certain threat actors may be supported by significant financial and technological resources, making them even more sophisticated and difficult to detect. We may also acquire other companies that expose us to unexpected security risks or increase costs to improve the security posture of the acquired company. As a result, our costs and the resources that we devote to protecting against these advanced threats and their consequences may continue to increase over time.

If certain cryptocurrency networks are used to facilitate illicit activities, businesses that facilitate transactions in such cryptocurrency could be at increased risk of criminal or civil lawsuits, or of having services cut off, which could negatively affect the price of the cryptocurrency and the profitability of the Company

Digital asset networks have in the past been, and may continue to be, used to facilitate illicit activities. If certain cryptocurrency networks are used to facilitate illicit activities, businesses that facilitate transactions in such cryptocurrency could be at increased risk of potential criminal or civil lawsuits, or of having banking or other services cut off, and such cryptocurrency could be removed from digital asset trading platforms as a result of these concerns. Other service providers of such businesses may also cut off services if there is a concern that certain cryptocurrency networks are being used to facilitate crime. Any of the aforementioned occurrences could increase regulatory scrutiny of the cryptocurrency network in question and/or adversely affect the price of such cryptocurrency, the attractiveness of such cryptocurrency network and the Company's ability to operate.

From time to time, we may encounter technical issues in connection with the integration of supported digital assets and changes and upgrades to their underlying networks, which could adversely affect our business

A variety of front and back-end technical and development work is required to implement our wallet, custody, trading, staking and other solutions for our customers, and to integrate our supported digital assets with our existing technical infrastructure. For certain digital assets, a significant amount of development work is required and there is no guarantee that we will be able to successfully integrate any existing or future digital assets. In addition, such integration may introduce software errors or weaknesses into our platforms, including into our existing infrastructure. Even if such integration is initially successful, any number of technical changes, software upgrades, soft or hard forks, cybersecurity incidents, or other changes to the underlying blockchain network may occur from time to time, causing incompatibility, technical issues, disruptions, or security weaknesses to our platforms. If we are unable to identify, troubleshoot and resolve any such issues successfully, we may no longer be able to support such digital assets, our customers' assets may be frozen or lost, the security of our hot, warm, or cold wallets may be compromised, and our platforms and technical infrastructure may be affected, all of which could adversely impact our business.

Failure to comply with anti-corruption and anti-money laundering laws, including the Foreign Corrupt Practices Act (the "FCPA") and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences

We operate an international business and may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We are subject to the FCPA, and other applicable anti-corruption and anti-money laundering laws in certain countries in which we conduct activities. The FCPA prohibits providing, offering, promising, or authorizing, directly or indirectly, anything of value to government officials, political parties, or political candidates for the purpose of obtaining or retaining business or securing any improper business advantage. In addition, U.S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls.

In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA, or other applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, contractors, agents or other partners or representatives fail to comply with these laws and governmental authorities in the United States and elsewhere could seek to impose substantial civil and/or criminal fines and penalties which could have a material adverse effect on our business, reputation, operating results, prospects and financial condition.

Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, any of which could have a materially adverse effect on our reputation, business, operating results, prospects and financial condition. In addition, responding to any enforcement action or internal investigation related to alleged misconduct may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

Cryptocurrencies face significant scaling obstacles that can lead to high fees or delayed transaction settlement times, and attempts to increase transaction processing capacity may not be effective

Many cryptocurrency networks face significant scaling challenges. As the Bitcoin network continues to develop and grow, certain technical issues might be uncovered, and the troubleshooting and resolution of such issues requires the attention and efforts of Bitcoin's global development community. A number of second layer technology solutions have been recently promoted to resolve this problem by, among other things, enabling faster transactions: in August 2017, the Bitcoin network underwent a hard fork that resulted in the creation of a new digital asset network called Bitcoin Cash. This hard fork was contentious, and as a result some users of the Bitcoin Cash network may harbor ill will toward the Bitcoin network. These users may attempt to negatively impact the use or adoption of the Bitcoin network. Also in August 2017, the Bitcoin network was upgraded with a technical feature known as "Segregated Witness" that, among other things, potentially doubles the transactions per second that can be handled on-chain and enables so-called second layer solutions, such as the Lightning Network or payment channels, that have the potential to substantially increase transaction throughput (i.e., millions of transactions per second). As of the date of this annual report, digital wallets and intermediaries that support Segregated Witness or Lightning Network-like technologies have not yet been adopted by a significant portion of the digital asset community. In 2021, the Bitcoin protocol implemented the Taproot upgrade to add enhanced support for complex transactions on the network such as multi-signature transactions, which require two or more parties to execute a transaction on the Bitcoin network. Prior to the upgrade, multi-signature transactions were historically slow, expensive, and easily identifiable. Taproot is intended to reduce the amount of data written to a block and makes multi-signature transactions indistinguishable from regular transactions, adding an enhanced layer of privacy. This upgrade may fail to work as expected, which could lead to a decline in support and price of Bitcoin. Unfortunately, there is no assurance that the digital asset community will accept these solutions or that these solutions will work as expected or effectively resolve these problems.

As the use of digital asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times can increase significantly. Bitcoin's network, for example, has been, at times, at capacity, which has led to very high transaction fees. Increased fees and decreased settlement speeds could preclude certain use cases for Bitcoin (e.g., micropayments), and can reduce demand for and the market price of Bitcoin, which could adversely affect the market demand for our cryptocurrency exchange platform. There is no guarantee that any of the mechanisms already in place or being explored for increasing the scale of settlement of Bitcoin transactions will be effective, or how long they will take to become effective, which could adversely affect the market demand for our cryptocurrency exchange platform.

Because there has been limited precedent set for financial accounting of Bitcoin and other crypto assets, the determination that we have made for how to account for Bitcoin assets transactions may be subject to change

While official accounting guidance for crypto assets has been issued in recent years and we have adopted the relevant accounting standards in the current year, differences in regulatory interpretation and incomplete supplementary rules still exist. Our current accounting treatment for Bitcoin and other crypto assets and related revenue recognition may require further adjustments. Changes in accounting standards, regulatory interpretations or disclosure requirements could compel us to revise accounting policies and restate financial statements. Such a restatement could negatively impact our business, prospects, financial condition and results of operation. Such circumstances would also have a material adverse effect on our ability to continue as a going concern or to pursue our business strategy at all, which would potentially have a material adverse effect on the value of any cryptocurrencies we hold or expects to acquire for our own account and harm investors.

Significant disruptions of information technology systems or security breaches could materially adversely affect our business

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit large amounts of confidential information (including, among other things, trade secrets or other intellectual property, proprietary business information and personal information). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We also have outsourced elements of our operations to third parties, and as a result, we manage a number of third-party vendors who may or could have access to our confidential information. Attacks on information technology systems are increasing in their frequency, levels of persistence, sophistication, and intensity, and they are being conducted by increasingly sophisticated and organized groups and individuals with a wide range of motives and expertise. The size and complexity of our information technology systems, and those of third-party vendors with whom we contract, and the large amounts of confidential information stored on those systems, make such systems vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees, third-party vendors, and/or business partners, or from cyberattacks by malicious third parties. Cyberattacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering, and other means to affect service reliability and threaten the confidentiality, integrity and availability of information.

Significant disruptions of our information technology systems, or those of our third-party vendors, or security breaches could materially adversely affect our business operations and/or result in the loss, misappropriation and/or unauthorized access, use or disclosure of, or the prevention of access to, confidential information, including, among other things, trade secrets or other intellectual property, proprietary business information and personal information, and could result in financial, legal, business and reputational harm to us. The Company continually assesses these threats and makes investments to increase internal protection, detection, and response capabilities, as well as ensure the Company's third-party providers have required capabilities and controls, to address this risk.

Any failure or perceived failure by us or any third-party collaborators, service providers, contractors or consultants to comply with our privacy, confidentiality, data security or similar obligations to third parties, or any data security incidents or other security breaches that result in the unauthorized access, release or transfer of sensitive information, including personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation or public statements against us, could cause third parties to lose trust in us or could result in claims by third parties asserting that we have breached our privacy, confidentiality, data security or similar obligations, any of which could have a material adverse effect on our reputation, business, financial condition or results of operations. Moreover, data security incidents and other security breaches can be difficult to detect, and any delay in identifying them may lead to increased harm. To date, the Company has not experienced any material impact to the business or operations resulting from information or cybersecurity attacks; however, because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. While we have implemented data security measures intended to protect our information technology systems and infrastructure, there can be no assurance that such measures will successfully prevent service interruptions or data security incidents.

High customer concentration exposes us to all of the risks faced by our major customers and may subject us to significant fluctuations or declines in revenues

Our customers include both enterprises and individuals. A limited number of our major customers, however, have contributed a significant portion of our revenues in the past. Our revenue from the top ten largest customers accounted for approximately 44%, 31% and 56% of our total revenues in 2023, 2024 and 2025. Although we continually seek to diversify our customer base, we cannot assure you that the proportion of the revenue contribution from these customers to our total revenues will decrease in the near future. We offer credit sales to our major, long-term customers. Dependence on a limited number of major customers will expose us to the risks of substantial losses and may increase our account receivables and extend its turn over days if any of them reduces or even ceases business collaborations with us. Specifically, any one of the following events, among others, may cause material fluctuations or declines in our revenues and have a material and adverse effect on our business, financial condition, results of operations and prospects:

- an overall decline in the business of one or more of our significant customers;
- the decision by one or more of our significant customers to switch to our competitors;
- the reduction in the prices of our mining machines agreed by one or more of our significant customers; or
- the failure or inability of any of our significant customers to make timely payment for our services.

If we fail to maintain relationships with these major customers, and if we are unable to find replacement customers on commercially desirable terms or in a timely manner or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have been involved, and may continue to be involved, in disputes, claims or proceedings arising from our operations or class actions from time to time, which could result in significant liabilities and reputational harm and could materially and adversely affect our business, financial condition and results of operations

We have been, and in the future may continue to be, involved in disputes, claims or proceedings arising out of our operations. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable orders, directives or decrees that may result in financial losses. Ongoing disputes, claims or proceedings may divert our management's attention and consume their time and our other resources.

In the past, shareholders of public companies have often brought securities class action suits against an issuer following periods of instability in the market price of an issuer's securities, or after the publication of third-party research reports. As of the date of this annual report, we are not aware of any lawsuits threatened or filed against us based on any alleged violation of securities laws. We cannot assure you that there would not be any future claims against us or that we would successfully defend against them. Any such suit, whether or not successful, could harm our reputation, result in share price volatility and a loss of customers, and restrict our ability to raise capital in the future. Even if claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures, which could prevent us from competing effectively and could have an adverse effect on our business, operating results, and financial condition. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations. Furthermore, any disputes, claims or proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. As of the date of this annual report, we are not able to quantify the likelihood or amount of exposure from any of these potential actions.

Negative publicity arising from disputes, claims or proceedings may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, results of operations and financial condition may be materially and adversely affected.

We are exposed to credit risks and concentration of credit risks in relation to defaults from counterparties

There are credit risks associated with our business. In particular, for our product sales business, we always use credit sales, and our service business may also have credit risks as our products become more diverse. As of December 31, 2024 and 2025, our net accounts receivable was US\$1.6 million and US\$ 1.1 million, respectively, and we recorded allowance for credit losses of US\$2.1 million and US\$2.4 million, as of the same dates.

In addition, we also face concentration of credit risks associated with our business. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer as well as the industry or country in which the customers operate and is concentrated on a few customers. As of December 31, 2024 and 2025, 27% and 37% of our total accounts receivables were due from one of our customers, respectively.

Although we monitor our exposure to credit risk on an ongoing basis and make periodic judgment on impairment of overdue receivables based on the likelihood of collectability, we cannot assure you that all of our counterparties are creditworthy and reputable and will not default on payments in the future. If we encounter significant delays or defaults in payment by our customers or are otherwise unable to recover our accounts receivables, our cash flow, liquidity and financial condition may be materially and adversely affected.

Our prepayments to suppliers may subject us to counterparty risk associated with such suppliers and negatively affect our liquidity

We are required to prepay some of our suppliers before the service is provided to secure the supplier's production capacity. As of December 31, 2024 and 2025, the outstanding balance of prepayments we made to our suppliers amounted to US\$0.07 million and US\$0.5 million, respectively. The amount of our prepayments may significantly increase as we continue to pursue technological advancement. We are subject to counterparty risk exposure to our suppliers. Any failure by our suppliers to perform their contract obligations on a timely manner and/or with our requested quality may result in us not being able to fulfill customers' orders accordingly. In such event, we may not be able to regain the prepayment in a timely manner or in full, even though our suppliers are obligated to return such prepayments under specified circumstances as previously agreed upon. Furthermore, if the cash outflows for the prepayments significantly exceed the cash inflows during any period, our future liquidity position will be adversely affected.

If we experience difficulty in collecting our trade receivables, our liquidity, financial condition and results of operations would be negatively impacted

We derive our revenues from the sale of products and are subject to counterparty risks such as our customer's inability to pay. As of December 31, 2024 and 2025, our trade receivables amounted to US\$1.6 million and US\$1.1 million, respectively. There can be no assurance that we will be able to collect our trade receivables on a timely basis, and our trade receivable turnover days may increase, which in turn could materially and adversely affect our liquidity, financial condition and results of operations.

If we fail to maintain appropriate inventory levels in line with the approximate level of demand for our products, we could lose sales or face excessive inventory risks and holding costs

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of finished goods inventory to ensure immediate delivery when required. We are also required to maintain an appropriate level of raw materials for our production. However, forecasts are inherently uncertain. If our forecasted demand is lower than what eventually transpires, we may not be able to maintain an adequate inventory level of our finished goods or produce our products in a timely manner, and we may lose sales and market share to our competitors. On the other hand, we may also be exposed to increased inventory risks due to accumulated excess inventory of our products or raw materials, parts and components for our products. Excess inventory levels may lead to increases in inventory holding costs, risks of inventory obsolescence and provisions for write-downs, which will materially and adversely affect our business, financial condition and results of operations.

In order to maintain an appropriate inventory level of finished goods and raw materials to meet market demand, we adjust our procurement amount and production schedule from time to time based on customers' orders and anticipated demand. We also carry out an inventory review and an aging analysis on a regular basis. We make provision for obsolete and slow-moving inventory of raw materials and finished goods that are no longer suitable for use in production or sale. However, we cannot guarantee that these measures will always be effective and that we will be able to maintain an appropriate inventory level. We may also be exposed to the risk of holding excessive inventory, including older generation products that are less marketable, which may increase our inventory holding costs and subject us to the risk of inventory obsolescence or write-offs, which could have a material adverse effect on our business, results of operations and financial condition. For example, we recorded write-down for the potentially obsolete, slow-moving inventory and lower of cost or market adjustment of US\$0.3 million, US\$0.3 million and US\$0.05 million in 2023, 2024 and 2025, respectively. If we cannot maintain an appropriate inventory level, we may lose sales and market share to our competitors.

We require various approvals, licenses, permits and certifications to operate our business. If we fail to obtain or renew any of these approvals, licenses, permits or certifications, it could materially and adversely affect our business and results of operations

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business or engage in the business we plan to enter into. Complying with such laws and regulations may require substantial expenses, any non-compliance may expose us to liability. In the event of that government authorities consider us to be in non-compliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. If we fail to obtain all the necessary approvals, licenses, permits and certifications, we may be subject to fines, sanctions, revocation of licenses or permits to operate our business, or the suspension of operations of the facilities that do not have the requisite approvals, licenses, permits or certifications, which would adversely affect our reputation, business and results of operations. See "Regulation" for further details on the requisite approvals license permits and certifications.

If we fail to maintain an effective quality control system, our business could be materially and adversely affected

We place great emphasis on product quality and adhere to stringent quality control measures and have obtained quality control certifications for our products. To meet our customers' requirements and expectations for the quality and safety of our products, we have adopted a stringent quality control system to ensure that every step of the production process is strictly monitored and managed. Failure to maintain an effective quality control system or to obtain or renew our quality standards certifications may result in a decrease in demand for our products or cancellation or loss of purchase orders from our customers. Moreover, our reputation could be impaired. As a result, our business and results of operations could be materially and adversely affected.

The quality of our products and services relies on third party suppliers and service providers that we engage. If we fail to provide satisfactory services or maintain their service levels, it could materially and adversely affect our business, reputation, financial condition and results of operations

We rely on third-party suppliers and service providers to provide quality products and services to customers, and our brand and reputation may be harmed by actions taken by them that are beyond our control. Despite the measures we have taken to ensure the quality of products and services provided by third-party suppliers and service providers, to the extent that there are manufacturing defects beyond our control, or our third-party suppliers and service providers are unable to maintain the efficiency of their production facilities, supply sufficient components or raw materials in a timely manner, or provide satisfactory services to our customers, we may suffer reputational damage, and our brand image, business and results of operations may be materially and adversely affected.

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

We partner with third-party logistics service providers to transport products from our production partners to our assembly plant, from our warehouses to our customers, and leverage maritime shipping services to transport products to overseas warehouses. Disputes with or termination of 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 in our product delivery 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 their quality of service. 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. If there is any delay in delivery, damage to products or any other issue, we may lose customers and sales and our brand image may be tarnished.

We face intense industry competition

We operate in a highly competitive environment. Our competitors include companies that may have a larger market share, greater brand recognition, broader international customer base, greater financial resources or other competitive advantages. We anticipate that competition will increase as blockchain, Fintech and renewable energy gain greater acceptance and more players join the market. Furthermore, we anticipate encountering new competition as we expand our sales and operations to new locations geographically and into wider applications of overseas blockchain, Fintech and renewable energy businesses. Some of our competitors in this industry include larger, more well-established companies with greater economies of scale and more bargaining power with suppliers.

Strong competition in the market may require us to lower our prices, increase our sales and marketing expenses or otherwise invest greater resources to maintain or gain market share as needed to adequately compete. Such efforts may negatively impact our profitability. If we are unable to effectively adapt to changes or developments in the competitive landscape, our business, financial conditions and results of operations may be adversely affected.

We may discontinue, restructure or divest certain lines of business or operations, which may materially and adversely affect our business, financial condition and results of operations.

We continually evaluate our portfolio of business lines and may divest, restructure, or discontinue operations that are not profitable or core to our business. These actions could result in losses, impairment charges, or other costs. The process of discontinuing, restructuring or divesting businesses may be disruptive to our operations and may divert management attention from our core business. Furthermore, any such divestitures or discontinuations could disrupt our business, negatively affect employee morale, and harm our reputation. There can be no assurance that any such measures will improve our overall financial performance or achieve the intended strategic objectives.

Fluctuations in exchange rates could affect our results of operations and reduce the value of your investment

We have subsidiaries in multiple countries which operate in local currencies. Our reporting currency is denominated in U.S. dollars. We are exposed to currency risks primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the operations to which the transaction relates. We are therefore subject to the risk of fluctuations in the exchange rate of U.S. dollars against Australian dollars, Hong Kong dollars and Renminbi. The value of U.S. dollars against Australian dollars, Hong Kong dollars and Renminbi fluctuates and is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments, as well as supply and demand in the local market. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Australian dollars, Hong Kong dollars or U.S dollars in the future.

We incurred a foreign exchange loss of US\$2.2 million in 2024, and a foreign exchange gain of US\$0.5 million and US\$3.1 million in 2023 and 2025, respectively. We had currency translation gains of US\$0.9 million in 2024, recognized in other comprehensive gain, and currency transaction loss of US\$2.3 million and US\$0.8 million in 2023 and 2025, respectively, which is recognized in other comprehensive loss. Such currency translation gains or losses resulted from exchange differences on translation of financial statements of our entities using currencies other than U.S. dollars as their functional currencies; there is no tax impact generated during the translation.

In addition, should Renminbi appreciate against other currencies, the value of the proceeds from any future financings, which are to be converted from U.S. dollars or other currencies into Renminbi, would be reduced and might accordingly hinder our business development due to the reduced amount of funds raised. On the other hand, in the event of devaluation of Renminbi, the dividend payments of our company, which are to be paid in U.S. dollars after conversion of the distributable profit denominated in Renminbi, would be reduced. Hence, substantial fluctuation in the currency exchange rate of Renminbi may have a material adverse effect on our business, results of operations and financial condition and the value of your investment in our Class A ordinary shares.

We have and may increasingly become a target for public scrutiny, including complaints to regulatory agencies, negative media coverage, and malicious allegations, all of which could severely damage our reputation and materially and adversely affect our business and prospects

We have been and may continue to be a target for public scrutiny, including complaints to regulatory agencies, negative media coverage, and malicious allegations, which had adversely affected and may adversely affect our reputation. Certain features of cryptocurrency networks, such as decentralization, independence from sovereignty and anonymity of transactions, create the possibility of heightened attention from the public, regulators and the media. Heightened regulatory and public concerns over us and cryptocurrency-related issues may subject us to additional legal and social responsibilities and increased scrutiny and negative publicity over these issues. As the renewable energy business sector continues to grow, so does public concern surrounding environmental impacts. Criticisms of the use of renewable energy include high costs, demand of high land use, and resource scarcity regarding demand for rare earth minerals used for solar panels. Because solar plants take up more space than traditional power plants, renewable energy requires the use of significant amounts of land. Critics also take issue with potential negative environmental impacts of renewable energy from manufacturing and disposal of renewable energy technologies, such as soil erosion and poisonous gases emitted from geothermal sites. Since wind turbines cannot be recycled, they end up in landfills and create pollution, and mining for lithium and other earth minerals results in water loss, ground destabilization, and toxic waste. Skeptics also complain that renewable energy power is also heavily dependent on weather, and factors such as wind flow and sunlight are often inconsistent and difficult to predict. From time to time, these allegations, regardless of their veracity, may result in consumer dissatisfaction, public protests or negative publicity, which could result in government inquiry or substantial harm to our brand, reputation and operations.

Moreover, as our business expands and grows, both organically and through acquisitions of and investments in other businesses, domestically and internationally, we may be exposed to heightened public scrutiny in jurisdictions where we already operate as well as in new jurisdictions where we may operate. U.S. public companies that have substantially all of their operations in China (although we are not one) have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered on financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stock of many U.S. listed Chinese companies sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism and negative publicity will have on us, our business and our stock price. There is no assurance that we would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation as well as our business and prospects. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our Company. This situation will be costly and time consuming and distract our management from growing our business. If such allegations are not proven to be groundless, we and our business operations will be severely affected and you could sustain a significant decline in the value of our stock.

Product defects resulting in a large-scale product recall or product liability claims against us could materially and adversely affect our business, results of operations and reputation

We manufacture products in accordance with internationally accepted quality standards and specifications provided by our customers. However, we cannot assure you that all products produced by us are free of defects. Consequently, any product defects identified by our customers or end users might erode our reputation and negatively affect our customer relationships and future business. Product defects may also result in product returns and large-scale product recalls or product liability claims against us for substantial damages. Such claims, irrespective of the outcomes or the merits, would likely be time-consuming and costly to defend and could divert significant resources and management attention. Furthermore, even if we are able to defend any such claim successfully, we cannot assure you that our customers will not lose confidence in our products or that our future relationships with our customers will not be damaged. As a result, our business, results of operations, reputation and brand image could be materially and adversely affected by any product defects.

Power shortages, labor disputes and other factors may result in constraints on our production activities

Historically, we have not experienced constraints on our production activities, including at our assembly plant, due to power shortages, labor disputes or other factors. However, there can be no assurance that our operations will not be affected by power shortages, labor disputes or other factors in the future, thereby causing material production disruptions and delays in our delivery schedule. In such event, our business, results of operations and financial condition could be materially and adversely affected.

Cybersecurity incidents, including data security breaches or computer viruses, could harm our business by disrupting our delivery of services, damaging our reputation or exposing us to liability

We receive, process, store and transmit, often electronically, the data of our customers and others, much of which is confidential. Unauthorized access to our computer systems or stored data could result in the theft, including cyber-theft, or improper disclosure of confidential information, and the deletion or modification of records could cause interruptions in our operations. These cybersecurity risks increase when we transmit information from one location to another, including over the Internet or other electronic networks. Despite the security measures that we have implemented, our facilities, systems and procedures, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, software viruses, misplaced or lost data, programming or human errors or other similar events which may disrupt our delivery of services or expose the confidential information of our customers and others. Any security breach involving the misappropriation, loss or other unauthorized disclosure or use of confidential information of our customers or others, whether by us or a third party, could subject us to civil and criminal penalties, have a negative impact on our reputation, or expose us to liability to our customers, third parties or government authorities. We are not aware of material breaches to date. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

If we suffer failure or disruption in our information systems, our ability to effectively manage our business operations could be adversely affected

We use information systems to obtain, process, analyze and manage data crucial to our business such as our enterprise resource planning system. We use these systems to, among other things, monitor the daily operations of our business, maintain operating and financial data, manage our distribution network as well as manage our research and development activities, production operations and quality control systems. Any system damage or failure that interrupts data input, retrieval or transmission or increases service time could disrupt our normal operations. In particular, our operations could be disrupted if such damage or failure includes any security breach caused by hacking or cybersecurity incidents, involves efforts to gain unauthorized access to our information or systems, or causes intentional malfunctions, loss or corruption of data, software or hardware, the intentional or inadvertent transmission of computer viruses and similar events or third-party actions. There can be no assurance that we will be able to effectively handle a failure of our information systems, or that we will be able to restore our operational capacity in a timely manner to avoid disruption to our business. The occurrence of any of these events could adversely affect our ability to effectively manage our business operations and negatively impact our reputation.

We may be subject to liability in connection with industrial accidents at our manufacturing facilities

Due to the nature of our operations, we are subject to the risks of potential liability associated with industrial accidents at our production facilities. We cannot assure you that industrial accidents, whether due to malfunction of equipment or other reasons, will not occur in the future at our production facilities. Under such circumstances, we may be subject to employee claims for compensation or penalties imposed by relevant government authorities and may suffer damage to our reputation. In addition, we may experience interruptions in our operations or may be required to change the manner in which we operate, as a result of governmental investigations or the implementation of safety measures due to accidents. Any of the foregoing events could materially and adversely affect our business, financial condition and results of operations.

We currently do not have insurance coverage covering all risks related to our business and operations

We do not maintain insurance policies covering all of our business risks, such as risks relating to properties, receivables, goods in transit and public liability. There is no assurance that the insurance coverage we do have would be sufficient to cover our potential losses. See the section headed “Item 4. Information on the Company—B. Business Overview—Insurance” for more information on the insurance policies maintained by us. In the event there is any damage to these items, we would have to pay for the difference ourselves where our cash flow and liquidity could be negatively affected.

If we fail to comply with labor, work safety or environmental regulations, we could be exposed to penalties, fines, suspensions or action in other forms

Our operations are subject to the labor, work safety and environmental protection laws and regulations promulgated by the governments of the jurisdictions in which we conduct our business. These laws and regulations require us to pay social insurance, maintain safe working conditions and adopt effective measures to control and properly dispose of solid waste and other environmental pollutants. We could be exposed to penalties, fines, suspensions or actions in other forms if we fail to comply with these laws and regulations. Such laws and regulations may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with the more stringent rules. In the event that changes to existing laws and regulations require us to incur additional compliance costs or require costly changes to our production process, our costs could increase and we may suffer a decline in sales for certain products, as a result of which our business, financial conditions and results of operations could be materially and adversely affected.

The loss of any member of our senior management team, or our failure to attract, train and retain qualified personnel, especially our design and technical personnel, could impair our ability to grow our business and effectively execute our business strategy

Since our inception, the growth and expansion of our business operations have been dependent upon the business strategies and foresight of our senior management. Our future success depends, in large part, on the continued contributions of our senior management team, specifically Dong Hu.

In addition, our future success depends on our ability to retain, attract and incentivize qualified personnel, including our management, sales, marketing, finance and especially research and development personnel. As the driver of our technological and product innovations, our research and development personnel represent a very significant asset of ours. As the technology in the industries in which we conduct our business are advancing at a quick pace, there is an increasing need for skilled engineers. Many companies across the world are struggling to find suitable candidates for their research and development positions. The process of hiring employees with the combination of skills and characteristics required to implement our strategy can be extremely competitive and time-consuming. We cannot assure you that we will be able to attract adequate personnel as we continue to pursue our business strategies.

Moreover, we cannot assure you that we will be able to retain key existing employees. The loss of our founder, or any of our senior management or research and development team members could harm our ability to implement our business strategies and respond to the rapidly changing market conditions in which we operate, or could result in other operating risks. The loss of one or more of our key employees, especially our key design and technical personnel, or our inability to retain, attract and motivate qualified design and technical personnel, could have a material adverse effect on our business, financial condition and results of operations.

Our corporate actions are significantly influenced by our principal shareholders, including Mr. Hu, our chairman of the board of directors, chief executive officer and chief financial officer, who have the ability to exert significant influence over important corporate matters that require approval of shareholders while their interests may differ from those of the other shareholders. This may deprive you of the opportunity to receive a premium for your Class A Ordinary Shares and materially reduce the value of your investment

Our share capital is designated into Class A ordinary shares and Class B ordinary shares, par value HK\$0.03 per share (“Class B ordinary shares”). Each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to twenty (20) votes at general meetings of our shareholders. Mr. Hu, our chairman of the board of directors, chief executive officer and chief financial officer, beneficially owns 100% of our Class B ordinary shares, representing approximately 86.2% of the aggregate voting power of our issued and outstanding share capital as of April 24, 2026. However, the interests of our chairman of the board of directors, chief executive officer and chief financial officer may differ from the interests of other shareholders. This concentration of ownership and the protective provisions in our second amended and restated articles of association (the “Articles”) may discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our Class A ordinary shares. We may not be able to enter into other transactions that could be beneficial to us without the consent of Mr. Hu. As a result of the foregoing, the value of your investment could be materially reduced.

Any change or discontinuation of preferential tax treatment we currently enjoy would increase our tax charge

Our PRC subsidiaries are subject to the PRC corporate income tax at a standard rate of 25% on their taxable income, but in 2023, 2024 and 2025, preferential tax treatment was available to three (3), three (3) and two (2) of our PRC subsidiaries respectively. Zhejiang Ebang obtained the “high-tech enterprise” tax status in November 2017, which reduced its statutory income tax rate to 15% from November 2017 to November 2020. Zhejiang Ebang further re-applied and obtained the “high-tech enterprise” tax status for three years from December 2020. At the end of the three-year period, Zhejiang Ebang further re-applied and obtained the “high-enterprise” tax status. For the years ended December 31, 2025, 2024 and 2023, Zhejiang Ebang was qualified as HNTE and entitled to a preferential income tax rate of 15%. Hangzhou Dewang obtained the “high-tech enterprise” tax status in November 2018, which reduced its statutory income tax rate to 15% from November 2018 to November 2021. Hangzhou Dewang further re-applied and obtained the tax status “high-tech enterprise” tax for the three-year period start from December 2021. In addition, Ebang IT obtained the “high-tech enterprise” tax status in December 2021, which reduced its statutory income tax rate to 15% from December 2021 to December 2024. For the years ended December 31, 2025 and 2024, Redback Hangzhou was qualified as HNTE and entitled to a preferential income tax rate of 15%.

We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancellation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiaries will be subject to the PRC's EIT, at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

Although the financial statements contained in this annual report were issued by U.S. auditors who are currently inspected by the PCAOB, if it is later determined that the PCAOB is unable to inspect or investigate our auditor completely, investors would be deprived of the benefits of such inspection and our Class A ordinary shares may be delisted or prohibited from trading

Pursuant to the HFCAA, enacted in December 2020, if the SEC determines that an issuer has filed audit reports issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit its securities from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 29, 2022, President Biden signed the Consolidated Appropriations Act, 2023, which, among other things, amended the HFCAA to reduce the time period under the HFCAA to two consecutive years instead of three consecutive years.

On December 16, 2021, the PCAOB issued the Determination Report which found that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in: (1) China of the China or Hong Kong, because of a position taken by one or more authorities in China; and (2) Hong Kong, a Special Administrative Region and dependency of the PRC, because of a position taken by one or more authorities in Hong Kong. On December 15, 2022, the PCAOB issued a new Determination Report which: (1) vacated the December 16, 2021 Determination Report; and (2) concluded that the PCAOB has been able to conduct inspections and investigations completely in the PRC in 2022. The December 15, 2022 Determination Report cautions, however, that authorities in the PRC might take positions at any time that would prevent the PCAOB from continuing to inspect or investigate completely. As required by the HFCAA, if in the future the PCAOB determines it no longer can inspect or investigate completely because of a position taken by an authority in the PRC, the PCAOB will act expeditiously to consider whether it should issue a new determination.

Should the PCAOB be unable to fully conduct inspection of our auditor's work papers in China, it will make it difficult to evaluate the effectiveness of our auditor's audit procedures or equity control procedures. Investors may consequently lose confidence in our reported financial information and procedures or quality of the financial statements, which would adversely affect us and our securities.

The financial statements contained in this annual report for the year ended December 31, 2025 was audited by MaloneBailey, LLP, which is an independent registered public accounting firm that is headquartered in the United States with offices in Beijing and Shenzhen. MaloneBailey, LLP is not among the PCAOB-registered public accounting firms headquartered in the PRC or Hong Kong that are subject to PCAOB's determination on December 16, 2021. As of the date of this annual report, we have not been identified by the SEC as a commission-identified issuer under the HFCAA. However, we cannot assure you whether Nasdaq or regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditor's audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach or experience as it relates to the audit of our financial statements. Furthermore, the HFCAA and related laws, which now require the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years, may result in the delisting of our Class A ordinary shares or the prohibition of trading in our securities in the future if the PCAOB is unable to inspect our auditor at such future time. Delisting may cause a significant decrease in or a total loss of the value of our securities. Although a shareholder's ownership of our Company may not decrease directly from delisting, the ownership may become worth much less, or, in some cases, lose its entire value.

We incur significant costs and demands upon management and accounting and finance resources as a result of complying with the laws and regulations affecting public companies; if we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements and otherwise make timely and accurate public disclosure could be impaired, which could harm our operating results, our ability to operate our business and our reputation

As a public reporting company, we are required to, among other things, maintain a system of effective internal control over financial reporting. Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Substantial work will continue to be required to further implement, document, assess, test and remediate our system of internal controls. As of December 31, 2025, our disclosure controls and procedures were not effective and management determined that we did not maintain effective internal control over financial reporting due to a material weakness. Management is undertaking actions to remediate the material weaknesses, but there is no assurance they will be remediated this year. See “Item 15. Controls and Procedures—Internal Control Over Financial Reporting.”

If our internal control over financial reporting or our disclosure controls are not effective, we may be unable to issue our financial statements in a timely manner, we may be unable to obtain the required audit or review of our financial statements by our independent registered public accounting firm in a timely manner or we may be otherwise unable to comply with the periodic reporting requirements of the SEC, the listing of our Class A ordinary shares on Nasdaq could be suspended or terminated and our Class A ordinary share price could materially suffer. In addition, we or members of our management could be subject to investigation and sanction by the SEC and other regulatory authorities and to shareholder lawsuits, which could impose significant additional costs on us and divert management attention.

Risks Relating to Conducting Business in China

There are risks to foreign investors in Chinese companies

The Chinese government implements the management systems of pre-establishment national treatment and negative list for foreign investment. Pre-establishment national treatment refers to the treatment given to foreign investors and their investments during the investment access stage, which is not lower than that given to their domestic counterparts; negative list for foreign investment refers to special administrative measures for the restricted or prohibited access of foreign investment in specific fields as stipulated by the Chinese government.

Pursuant to the Special Administrative Measures for Foreign Investment Access (2024 Edition), or the 2021 Edition Negative List, issued by The Ministry of Commerce of the PRC (the “MOFCOM”) and the National Development and Reform Commission (the “NDRC”) on September 26, 2024, which came into effect on January 1, 2024, our business does not fall into the Negative List. However, the 2024 Edition Negative List provides that “[f]ields not mentioned in the Negative List for Foreign Investment Access shall be subject to administration under the principle of consistency for domestic and foreign investments. The relevant provisions of the Negative List for Market Access shall apply to domestic and foreign investors on a unified basis.”

In addition, based on the Negative List for Market Access (2025) which became effective on April 16, 2025, “the Catalogue for Guidance on Industrial Restructuring shall be included in the Negative List for Market Access”; and according to the Decision of the State Council on Promulgating and Implementing the “Temporary Provisions on Promoting Industrial Structure Adjustment”, valid from December 2, 2005, “[i]n principle, the ‘Guidance Catalogue for the Industrial Structure Adjustment’ shall apply to various types of enterprises inside China.” “[t]he industries of the eliminated category under the ‘Guidance Catalogue for the Industrial Structure Adjustment’ shall apply to the foreign investment enterprises” and “[i]nvestments are prohibited from being contributed to projects under the eliminated category.” Furthermore, the NDRC released on December 27, 2023 its No. 7 Decree, announcing that the Decision of the National Development and Reform Commission on Amending the Guiding Catalog for Industrial Restructuring (2024 Version) (the “Amended Catalog”). The Amended Catalog added ‘virtual currency mining activities’ to the eliminated category of ‘1. outdated production processing and equipment’ under the original Catalog.

As a result of all of the above, foreign investment enterprises are prohibited from virtual currency activities.

Changes in China's economic, political or social conditions or government policies could have an adverse effect on our business, results of operations and financial condition

Historically most of our revenues have been, and we expect in the foreseeable future, certain of our revenues will continue to be, derived from China, and certain of our operations, including our research and development sector, is conducted in China. Accordingly, our business, prospects, results of operations and financial condition may be influenced by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing since 2012. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate adjustment, aiming to influence the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations.

Any potential changes in PRC laws and regulations could affect our business, financial condition and results of operation

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. The PRC legal system is evolving rapidly and there are changes from time to time arising from the legal system in China, which include uncertainties regarding new legislation, regulations or interpretations governing our business activities, which may be promulgated or adopted; there is a risk that the Chinese government may intervene or influence our operations at any time, or may exert more control over offerings conducted in Hong Kong and overseas, which could result in substantial costs and divert our resources and the attention of our management.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, this could also result in substantial costs and divert our resources and the attention of our management. Any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

In addition, we also face risks associated with regulatory approvals on offerings conducted overseas and foreign investment in China-based issuers, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy practices. The failure to comply with such laws and regulations may negatively impact our ability to conduct certain businesses, access foreign investments, or list on a foreign stock exchange.

Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC and our PRC subsidiaries' additional payments of statutory employee benefits may adversely affect our business and profitability

The average wage in China has increased in recent years and is expected to continue to grow. The average wage level for our PRC subsidiaries' employees has also increased in recent years. We expect that our PRC subsidiaries' labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our customers, our profitability and results of operations may be materially and adversely affected.

In addition, our PRC subsidiaries have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our PRC subsidiaries' employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that our PRC subsidiaries decide to terminate some of their employees or otherwise change their employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit their ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

Pursuant to PRC laws and regulations, companies registered and operating in China are required to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees' different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. Our PRC subsidiaries have not fully paid social insurance and housing provident funds for all of their employees due to inconsistency in implementation or interpretation of the relevant PRC laws and regulations among government authorities in the PRC and, in some cases, voluntary decisions by the relevant employees. As the PRC government may enhance its enforcement measures relating to social insurance and housing fund deposit collection, our PRC subsidiaries may be required to make up the contributions to their employees, and may be further subjected to late fees payment and administrative fines, which may materially and adversely affect our financial condition and results of operations. As the interpretation and implementation of PRC labor-related laws and regulations are still evolving, we cannot assure you that our PRC subsidiaries' current employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. In addition, we may incur additional expenses in order to comply with such laws and regulations, which may adversely affect our business and profitability.

Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our PRC operating subsidiaries, which could restrict our ability to act in response to changing market conditions in a timely manner

We are a Cayman Islands holding company and a certain portion of our operations are conducted through our operating subsidiaries. The ability of our operating subsidiaries to make dividend and other payments to us may be restricted by factors that include changes in applicable foreign exchange and other laws and regulations.

In particular, under the PRC law, each of our PRC operating subsidiaries may only pay dividends after 10% of its net profit has been set aside as reserve funds, unless such reserves have reached at least 50% of its registered capital. In addition, the profit available for distribution from our PRC operating subsidiaries is determined in accordance with generally accepted accounting principles in the PRC. This calculation may differ if it were performed in accordance with U.S. GAAP. As a result, we may not have sufficient distributions from our PRC operating subsidiaries to enable necessary profit distributions to our shareholders in the future, which would be based upon our financial statements prepared under U.S. GAAP.

Distributions by our PRC operating subsidiaries to us other than as dividends may be subject to governmental approval and taxation. Any transfer of funds from our company to our PRC operating subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration or approval of PRC governmental authorities, including the relevant administration of foreign exchange and/or the relevant examining and approval authority. These limitations on the free flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions in a timely manner.

We may be subject to EIT on our worldwide income if our company or any of our subsidiaries were considered a PRC “resident enterprise” under the PRC Enterprise Income Tax Law (the “EIT Law”)

Under the EIT Law and its implementation rules, enterprises established outside of the PRC with “de facto management bodies” within the PRC are considered a “resident enterprise” and will be subject to EIT at a rate of 25% on their worldwide income. The implementation rules under EIT Law define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the production, operation, personnel, accounting, properties, etc. of an enterprise.” The State Administration of Taxation of the PRC (the “SAT”) promulgated the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (“Circular 82”), on April 22, 2009, as amended on November 8, 2013, provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore incorporated enterprise is located in the PRC. On July 27, 2011, the SAT issued the Measures for Administration of Income Tax of Chinese Controlled Resident Enterprises Incorporated Overseas (Trial) (“Circular 45”), as amended on June 15, 2018, to supplement Circular 82 and other tax laws and regulations. Circular 45 clarifies certain issues relating to resident status determination. Although Circular 82 and Circular 45 apply only to offshore enterprises controlled by PRC enterprises or PRC group companies and not those controlled by PRC individuals or foreigners, the determining criteria set forth in Circular 82 and Circular 45 may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals or foreign enterprises. A substantial majority of our senior management team is located in China. If our company or any of our subsidiaries were considered to be a PRC “resident enterprise,” we would be subject to EIT at a rate of 25% on our worldwide income, which could materially reduce our net income.

Dividends payable to our foreign investors and gains on the sale of our Class A ordinary shares by our foreign investors may become subject to PRC taxation

Under the EIT Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Similarly, any gain realized on the transfer of our Class A ordinary shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our Class A ordinary shares, and any gain realized from the transfer of our Class A ordinary shares, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of our Class A ordinary shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. If we or any of our subsidiaries established outside China are considered a PRC resident enterprise, it is unclear whether holders of our Class A ordinary shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to our non-PRC investors, or gains from the transfer of our Class A ordinary shares by such investors, are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in our Class A ordinary shares may decline significantly.

Any adverse changes of any preferential tax treatments and government grants that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations

We have benefited from preferential tax treatments from the PRC government and related government grants, such as “high-tech enterprise” tax status and a value added tax (“VAT”) tax refund. We cannot assure you that we will be able to meet the relevant requirements and be re-granted such preferential tax treatments and government grants upon their expiration, or to apply for other preferential tax treatments or government grants. The policies regarding the preferential tax treatments and government grants are subject to change and termination. The PRC government authorities may decide to reduce, eliminate or cancel our tax preferences at any time. Therefore, we cannot assure you of the continued availability of such tax preferences or government grants which we currently enjoy. The discontinuation, reduction or delay of any such preferential tax treatments and government grants could adversely affect our financial condition and results of operations. For more detailed information, see “Item 5. Operating and Financial Review and Prospects—Operating Results—Key Components of Results of Operations—Taxation”.

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (“SAFE Circular 37”), which replaces the previous SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles (“SPVs”), are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE to reflect any material change. If any PRC resident shareholder of such SPV fails to make the required registration or to update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (“SAFE Notice 13”). Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, must be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE. We have used commercially reasonable efforts to notify PRC residents or entities who directly or indirectly hold shares in our Company and who are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. We cannot assure you that all other shareholders or beneficial owners of ours who are PRC residents or entities have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries’ ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

Furthermore, as these foreign exchange and outbound investment related regulations are relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border investments and transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. We cannot assure you that we have complied or will be able to comply with all applicable foreign exchange and outbound investment related regulations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a Chinese establishment of a non-Chinese company, or immovable properties located in China owned by non-Chinese companies

In February 2015, SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (“SAT Public Notice 7”). SAT Public Notice 7 extends its tax jurisdiction to transactions involving the transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clear criteria for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. In October 2017, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (“SAT Bulletin 37”), which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident EIT. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer other than the transfer of shares acquired and sold on public markets may be subject to EIT, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10%. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions that involve PRC taxable assets, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxes if our company is transferor in such transactions and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Public Notice 7 or SAT Bulletin 37, or both.

We are subject to PRC restrictions on currency exchange

Some of our revenues and expenses are denominated in Renminbi. The Renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiaries. Currently, certain of our PRC subsidiaries may purchase foreign currency for settlement of “current account transactions,” including payment of dividends to us, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. Since a part of our future net income and cash flow will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of our Class A ordinary shares, and may limit our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

If the custodians or authorized users of our controlling chops and seals fail to fulfill their responsibilities, or misappropriate or misuse these chops and seals, our business and operations may be materially and adversely affected

Under PRC law, legal documents for corporate transactions, including agreements and contracts such as the leases and sales contracts on which our business relies, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the market supervision administration.

In order to maintain the physical security of our chops and the chops of our PRC subsidiaries, we generally store these items in secured locations accessible only by the authorized personnel of each of our PRC subsidiaries and consolidated entities. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our PRC subsidiaries or consolidated entities, we, our PRC subsidiaries or consolidated entities would need to pass a new shareholder or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the chops, apply for new chops with the relevant authorities, or otherwise seek legal redress for the violation of the representative’s fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (“M&A Rules”) and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China

The M&A Rules, adopted by six PRC regulatory agencies in August 2006 and amended in June 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that shall obtained an approval from the MOFCOM in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the PRC’s anti-monopoly laws require that the MOFCOM be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the Safety Review System for Merger and Acquisition of Domestic Companies by Foreign Investors issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We may be required to obtain approval or subject to filings or other requirements from the CSRC or other PRC regulatory authorities in connection with our offshore offerings under PRC law, and we cannot predict whether we will be able to or how long it will take to complete such filings

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision of overseas listings by China-based companies, and to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management. These opinions also required that efforts be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (the “Overseas Listing Trial Measures”) and five related guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures comprehensively improved and reformed the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities through a filing-based regulatory regime.

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means, are required to go through the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas listing by PRC domestic companies: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. The determination as to indirect overseas listing by PRC domestic companies, shall be made on a substance over form basis. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed, and subsequent securities offerings and listings of an issuer in overseas markets other than where it has offered and listed securities shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. If a domestic company fails to fulfill the filing procedure, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine; directly liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine. According to Circular on the Arrangements for the Filing-based Administration of Overseas Securities Offering and Listing by Domestic Companies issued by the CSRC on February 17, 2023, from the implementation date of the Overseas Listing Trial Measures, domestic enterprises subject to the scope of filing that have offered shares or been listed overseas, or have met the following conditions shall be deemed as “existing enterprises”, which are not required to go through the filing immediately but shall be required to do so if they involve in re-financing and other filing matters in the future.

Based on the aforementioned criteria, we may be deemed a PRC domestic company and our offshore offerings may be deemed an indirect overseas listing by PRC domestic companies. Since we had already completed overseas offering prior to the effective date of the Overseas Listing Trial Measures, we should be deemed as an “existing enterprise” and not be required to go through the filing immediately. Only when we involve in re-financing and other filing matters will we be required to complete such filing with the CSRC. If so, we cannot assure you that we could meet such requirements or complete such filing in a timely manner. Any failure may restrict our ability to complete the proposed offshore offerings, which would have a material adverse effect on our business and financial positions. Further, as the Overseas Listing Trial Measures were recently promulgated, there remains substantial uncertainties as to their interpretation and implementation and how they may impact our ability to raise or utilize funding for business operation.

On February 24, 2023, the CSRC, together with MOF, the National Administration of State Secrets Protection and the National Archives Administration of China, revised the Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing which was issued by the CSRC, the National Administration of State Secrets Protection and the National Archives Administration of China in 2009. Such revised Provisions were issued under the title the “Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies”, which became effective on March 31, 2023, together with the Trial Measures. One of the major revisions to such revised Provisions was to expand its application to cover indirect overseas offering and listing, consistent with the Trial Measures. Such revised Provisions require that, among other things, a domestic company (a) that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; (b) that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals and entities including securities companies, securities service providers and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations; and (c) that provides documents and materials to securities companies and securities service providers; shall abide by applicable national regulations on confidentiality in handling such documents and materials, and shall provide a written statement pursuant to the revised Provisions referred to above to relevant securities companies and securities service providers simultaneously.

As of the date of this annual report, we have not had any failure or perceived failures by us or our PRC subsidiaries to comply with the above confidentiality and archives administration requirements under such revised Provisions and other PRC laws and regulations that would result in the relevant entities being held legally liable by competent authorities, and referred to a judicial organ to be investigated for criminal liability if suspected of committing a crime.

On December 28, 2021, the CAC, the NDRC, the Ministry of Industry and Information Technology (“MIIT”), and several other administrations jointly promulgated the Cybersecurity Review Measures (the “Cybersecurity Measures”), which became effective on February 15, 2022. The Cybersecurity Measures have replaced their previous version promulgated on April 13, 2020. According to the Cybersecurity Measures, among others, (i) an application for cybersecurity review shall be made by an issuer who is a network platform operator holding personal information of more than one million users before such issuer applies to list securities on a foreign stock exchange; and (ii) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security. On the bases that (i) the Cybersecurity Measures were promulgated recently, (ii) the exact scope of “network platform operator” under the Cybersecurity Measures remains unclear, and (iii) there are substantial uncertainties on the interpretation and application of the Cybersecurity Measures, there can be no assurance that we would be required to apply for such cybersecurity review for our offshore offerings. Any failure in completion of a cybersecurity review may result in administrative penalties, including fines, a cessation of our business, revocation of requisite licenses, as well as reputational damage or legal proceedings or actions against us, which may have material adverse effects on our business, financial condition and results of operations. As of the date of this annual report, we have not been involved in any formal investigations on cybersecurity review made by the CAC on such basis.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the enacted version of the revised Measures for Cybersecurity Review, are required for our offshore offerings, it is uncertain whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or filing or other government authorization for our offshore offerings. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of any securities we may offer. Consequently, if investors in any such offerings were to engage in market trading or other activities in anticipation of and prior to settlement and delivery of such securities, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirements could also materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

Changes in political, business, economic and trade relations between the United States and China may have a material adverse impact on our business, results of operations and financial condition

We cannot predict the possible changes in the economic, regulatory, social and political environment in the United States or China, nor can we predict their potential impact on political, economic and trade relations between the United States and China or on our business.

In recent years, escalating trade tensions between the United States and China have resulted in the imposition of tariffs, export controls, and other trade barriers. These measures have increased the cost of doing business, disrupted supply chains, and created uncertainty for companies operating across borders. If such trade restrictions continue or intensify, they may negatively impact our ability to serve customers, manage costs, or maintain competitive pricing.

The United States and China have imposed new and higher tariffs on goods imported from each other, including tariff increases announced by both countries in early 2025, which marked a significant intensification of the ongoing trade war, disrupting global supply chains, increasing costs for businesses, and contributing to market volatility. On February 20, 2026, the U.S. Supreme Court held in *Learning Resources, Inc. v. Trump* that the International Emergency Economic Powers Act (“IEEPA”) does not authorize a U.S. President to impose tariffs during peacetime national emergencies and that the challenge to the legality of the tariffs imposed under IEEPA (the “incremental tariffs”) was within the exclusive jurisdiction of the U.S. Court of International Trade (“CIT”), thus affirming the prior decision of the CIT in *V.O.S. Selections, Inc. v. United States*. As a result, on February 20, 2026, President Trump of the United States issued an executive order stating that the incremental tariffs were no longer in effect and ending the collection of the incremental tariffs. However, President Trump then issued an additional executive order imposing tariffs pursuant to Section 122 of the Trade Act of 1974 for 150 days, effective on February 24, 2026. The decision does not effect existing tariffs on Chinese goods imposed under Section 301 of the Trade Act of 1974 or Section 232 of the Trade Extension Act, meaning the overall tariff rate has been reduced by five percentage points at the current time. President Trump has vowed to implement alternative tariffs under other statutes. The situation remains fluid. If the United States or China continues imposing such tariffs, or if additional tariffs or trade restrictions are implemented by the United States or by China, the resulting trade barriers could have a significant adverse impact on our business. The adoption and expansion of trade restrictions and tariffs, quotas and embargoes, sanctions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies, has the potential to adversely impact our costs, our suppliers and the world economy in general, which in turn could have a material adverse effect on our business, results of operations and financial condition.

During President Trump's first term in office, he signed executive orders banning transactions by any person, or with respect to any property, subject to the jurisdiction of the United States with respect to WeChat, and with persons that develop or control the following Chinese-connected software applications: Alipay, CamScanner, QQ Wallet, SHAREit, Tencent QQ, VMate, WeChat Pay, and WPS Office, some of which are critical to the operation of our business. These executive orders were revoked on June 9, 2021 by former President Biden, who then signed an executive order directing the Department of Commerce to launch a national security review of apps with links to foreign adversaries (which is defined to include China) and issue recommendations for regulatory and legislative action to address the associated risks. The implementation of this executive order could adversely affect our business.

On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the "ANPRM") providing a conceptual framework for outbound investment controls focused on China. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury (the "Treasury") issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the Treasury issued a Final Rule to implement the executive order of August 9, 2023, which became effective on January 2, 2025. The Final Rule targets investments involving persons and entities associated with "countries of concern," currently only China, and it imposes investment prohibition and notification requirements on a wide range of investments in companies engaged in activities relating to three sectors: (1) advanced microchips and microelectronics, (2) quantum computing, and (3) artificial intelligence systems, with persons from countries of concern engaged in these technologies defined as "Covered Foreign Persons." Investments by U.S. persons subject to the Final Rule, which are defined as "covered transactions," include acquisitions of equity interests (including purchases of shares pursuant to the standby equity purchase agreement), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities listed on a national stock exchange. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. We do not believe we are a Covered Foreign Person under the Final Rule. However, if we were to be deemed a "covered foreign person," the Final Rule could limit our ability to raise capital, which could be detrimental to our capital raising capacity and our business, financial condition and prospects.

Additionally, China has enacted laws and regulations to respond to foreign sanctions and extraterritorial measures, including the Anti-Foreign Sanctions Law dated June 10, 2021. At this time, we do not know the extent to which our operations will be impacted by these laws and regulations.

We cannot foresee whether and how developments in similar policy actions or any other policy actions taken by the U.S. or Chinese governments will impact our business and financial performance. In addition, changes in political, business, economic and trade relations between the U.S. and China, including the potential for heightened tensions under the current U.S. administration, may trigger negative customer sentiment towards western brands in China, potentially resulting in a negative impact on our business, results of operations and financial condition.

Furthermore, the risks and uncertainties associated with U.S. and China political, business, economic and trade relations may negatively impact investor sentiment towards China-based exchange-listed companies in the U.S., which could in turn adversely affect the demand, price and trading volume of our shares.

We face regulatory uncertainties in China that could restrict our ability to grant share incentive awards to our employees or consultants who are PRC citizens

Pursuant to the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in a Stock Incentive Plan of an Overseas Publicly-Listed Company issued by SAFE on February 15, 2012 (“Circular 7”), a qualified PRC agent (which could be the PRC subsidiary of the overseas-listed company) is required to file, on behalf of “domestic individuals” (defined as both PRC residents as well as non-PRC residents who reside in China for a continuous period of not less than one year, excluding foreign diplomatic personnel and representatives of international organizations) who are granted shares or share options by the overseas-listed company according to its share incentive plan, an application with SAFE to conduct SAFE registration with respect to such share incentive plan, and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the share purchase or share option exercise. Such PRC individuals’ foreign exchange income received from the sale of shares and dividends distributed by the overseas listed company and any other income shall be fully remitted into a collective foreign currency account in China, which is opened and managed by the PRC domestic agent before distribution to such individuals. In addition, such domestic individuals must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options and their purchase and sale of shares. The PRC domestic agent also needs to update registration with SAFE within three months after the overseas-listed company materially changes its share incentive plan or make any new share incentive plans.

We adopted our Amended and Restated 2020 Share Incentive Plan (the “2020 Plan”), effective upon the completion of our initial public offering, and adopted our 2021 Share Incentive Plan (the “2021 Plan”), effective upon shareholder approval at the 2021 annual general meeting of shareholders held on December 15, 2021. As of the date of this annual report, we have granted 86,091 restricted shares (after forfeitures) under the 2020 Plan and we did not grant any awards under the 2021 Plan. We may grant share incentive awards under both or either plan in the future. When we do, from time to time, we need to apply for or update our registration with SAFE or its local branches on behalf of our employees or consultants who receive options or other equity-based incentive grants under the 2020 Plan, 2021 Plan or future share incentive plans we may adopt, and when we make material changes to such plan(s). However, we may not always be able to make applications or update our registration on behalf of our employees or consultants who hold any type of share incentive awards in compliance with Circular 7, nor can we assure you that such applications or registration updates will be successful. If we or the participants of our share incentive plan(s) who are PRC citizens fail to comply with Circular 7, we and/or such participants of our share incentive plan(s) may be subject to fines and legal sanctions, there may be additional restrictions on the ability of such participants to exercise their share options or remit proceeds gained from sale of their shares into China, and we may be prevented from further granting share incentive awards under our share incentive plans to our employees or consultants who are PRC citizens.

Our Hong Kong subsidiaries could become subject to the direct oversight of the PRC government at any time if the national laws of mainland China are applied to Hong Kong

The national laws of the PRC (the “National Laws”), including, but not limited to (i) the Cybersecurity Review Measures which became effective on February 15, 2022; and (ii) approval by the CSRC or any other Chinese regulatory authority to approve or permit our offering of securities in the U.S., do not currently apply to our Hong Kong subsidiaries, except for those set forth below. However, due to the uncertainty of the PRC legal system and changes in laws, regulations or policies, including how these laws, regulations or policies would be interpreted or implemented, and the national laws applicable in Hong Kong, the Basic Law might be revised in the future.

Pursuant to Article 18 of the Basic Law of the Hong Kong Special Administrative Region of the PRC (the “Basic Law”), “[t]he laws in force in the Hong Kong Special Administrative Region shall be the Basic Law, the laws previously in force in Hong Kong as provided for in Article 8 of this Law, and the laws enacted by the legislature of the Region. National laws shall not be applied in the Hong Kong Special Administrative Region except for those listed in Annex III to the Basic Law. The laws listed therein shall be applied locally by way of promulgation or legislation by the Region. Also, regarding the Annex III and several Instruments of the Basic Law, National Laws, which have applied in Hong Kong until now are as following:

Resolution on the Capital, Calendar, National Anthem and National Flag of the PRC; Resolution on the National Day of the PRC; Declaration of the Government of the PRC on the Territorial Sea; Nationality Law of the PRC; Regulations of the PRC Concerning Diplomatic Privileges and Immunities; Law of the PRC on the National Flag; Regulations of the PRC Concerning Consular Privileges and Immunities; Law of the PRC on the National Emblem; Law of the PRC on the Territorial Sea and the Contiguous Zone; Law of the PRC on Garrisoning the Hong Kong Special Administrative Region; Law of the PRC on the Exclusive Economic Zone and the Continental Shelf; Law of the PRC on Judicial Immunity from Compulsory Measures Concerning the Property of Foreign Central Banks; and Law of the PRC on the National Anthem; Law of the PRC on Safeguarding National Security in the Hong Kong Special Administrative Region.

The Cybersecurity Review Measures (2021) was officially released to the public on December 28, 2021 and became effective on February 15, 2022. According to the Cybersecurity Review Measures (2021), “To go public abroad, an online platform operator who possesses the personal information of more than 1 million users shall declare to the Office of Cybersecurity Review for cybersecurity review.”

As of the date of this annual report, we have two wholly-owned subsidiaries and operating entities established in Hong Kong, HK Ebang Communications, principally in the business of trading of renewable energy products; and HK Ebang Digital, principally in the business of information technology development services. Neither entity has established any subsidiary or branch in the PRC or has committed any business operations in the PRC. For additional information, see “Item 4. Information on the Company – C. Organizational Structure.”

Based on the aforementioned Basic Law, our Hong Kong subsidiaries are not subject to the Cybersecurity Measures, the Provisions or the Measures. However, due to the uncertainty of the PRC legal system and changes in laws, regulations or policies, including how these laws, regulations or policies would be interpreted or implemented, the National Laws and the Basic Law might be revised in the future. Therefore, we cannot assure you that we will not be affected by the foregoing or relevant laws, regulations or policies in the future. If there are any changes to the foregoing laws, regulations and policies, or if any new laws, regulations, and policies, etc., would be published, we would manage to comply with the changed laws, regulations and policies. However, we could not guarantee that the relevant laws, regulations, or policies would not be applied retroactively, and as a result, we could face penalties, and our reputation and results of operations could be materially and adversely affected.

Risks Relating to Our Securities

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our Class A ordinary shares for a return on your investment

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the Class A ordinary shares as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Class A ordinary shares will likely depend entirely upon any future price appreciation of the Class A ordinary shares. There is no guarantee that the Class A ordinary shares will appreciate in value or even maintain the price at which you purchased the Class A ordinary shares. You may not realize a return on your investment in our Class A ordinary shares and you may even lose your entire investment in our Class A ordinary shares.

There can be no assurance that we will not be classified as a passive foreign investment company (“PFIC”), for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our Class A ordinary shares and related securities

A non-U.S. corporation, such as our company, will be classified as a PFIC, for U.S. federal income tax purposes for any taxable year if either (1) at least 75% of its gross income for such year consists of certain types of “passive” income (the “income test”) or (2) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”). There are uncertainties under current law with respect to the treatment of certain assets as passive or non-passive for purposes of the asset test. In particular, there is no definitive guidance on the treatment of cash that is being held for the purpose of future investment in non-passive income generating activities. Proposed regulations treat cash as a passive asset, with certain limited exceptions. However, such regulations have not been finalized and are not currently effective. Although we are of the view that we are not currently a PFIC, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition of our income and assets, which may change over time if we expand and diversify our product offerings. Fluctuations in the market price of our Class A ordinary shares may cause us to be or become a PFIC for the current or subsequent taxable years because the value of our assets for the purpose of the asset test may be determined by reference to the market price of our Class A ordinary shares (which has been and may continue to be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and our cash on hand, as well as the treatment of such cash as a passive or a non-passive asset in part or in whole.

If we are a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—Certain Material U.S. Federal Income Tax Considerations”) holds our Class A ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See “Item 10. Additional Information—E. Taxation—Certain Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

Our Articles contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our Class A ordinary shares

Our Articles contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our Class A ordinary shares may fall and the voting and other rights of the holders of our Class A ordinary shares may be materially and adversely affected.

You may face difficulties in protecting your interests in the Company, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law and conduct our operations primarily in emerging markets

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our Articles, the Companies Act (Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our Articles to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

In addition, we conduct some of our business operations in emerging markets, including China, and substantially all of our directors and senior management are based in China. The SEC, the U.S. Department of Justice (the “DOJ”), and other authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers, in certain emerging markets, including China. Additionally, our public shareholders may have limited rights and few practical remedies in emerging markets where we operate, as shareholder claims that are common in the United States, including class action securities law and fraud claims, generally are difficult or impossible to pursue as a matter of law or practicality in many emerging markets, including China. For example, in China, there are significant legal and other obstacles for the SEC, the DOJ and other U.S. authorities to obtaining information needed for shareholder investigations or litigation. Although the competent authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, the regulatory cooperation with the securities regulatory authorities in the United States has not been efficient in the absence of a mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no foreign securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to foreign securities regulators.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the relevant listing standards

As a Cayman Islands company listed on the Nasdaq Global Select Market, we are subject to the Nasdaq Stock Market listing standards (“Nasdaq Rules”). However, the Nasdaq Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Rules. We currently follow home country practice in lieu of the requirements under the Nasdaq Rules with respect to certain corporate governance standards. For example, based on home country practice, we are not required to seek shareholder approval for issuance of 20% or more of our outstanding ordinary shares or voting power in a private offering (as defined by Nasdaq Rules) and we are not required to host an annual general meeting of shareholders each year. Accordingly, our shareholders may not be provided with the benefits of certain corporate governance requirements of the Nasdaq Rules.

Cayman Islands economic substance requirements may have an effect on our business and operations

Our Company is subject to Cayman Islands economic substance legislation (“ESA”) requiring that where our company carries on a relevant activity (as defined in the ESA) it must maintain economic substance within the Cayman Islands, including adequate premises and employees within the Cayman Islands. As an entity subject to the ESA, our Company is required to assess its operations to determine the required compliance (if any) with the ESA, to file an annual notification with the Cayman Islands Registrar of Companies disclosing whether our company is carrying out any relevant activities within the meaning of the ESA and an annual return with the Department of International Tax Co-Operation. Where applicable, our Company must establish that its operations satisfy the economic substance requirements of the ESA. Our company is required to monitor its operations to ensure it remains in compliance with all requirements under the ESA. Failure to satisfy these requirements may subject us to penalties under the ESA.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares may view as beneficial

We have a dual-class share structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while the sole holder of Class B ordinary shares is entitled to 20 votes per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any non-affiliate of such holder, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share.

Mr. Hu, our founder, chairman of the board of directors, chief executive officer and chief financial officer, beneficially owns all of our issued Class B ordinary shares. These Class B ordinary shares constituted approximately 23.8% of our total issued and outstanding shares of the Company and 86.2% of the aggregate voting power of the total issued and outstanding shares of the Company as of April 24, 2026. As a result of the dual-class share structure and the concentration of ownership, Mr. Hu has a considerable influence over matters such as decisions regarding mergers and consolidations, election of directors and other significant corporate actions. He may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our Class A ordinary shares. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares may view as beneficial.

In addition, certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. Several shareholder advisory firms have also announced their opposition to the use of multiple class structures. As a result, the dual-class structure of our ordinary shares may prevent the inclusion of our Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A ordinary shares. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A ordinary shares.

We are a “controlled company” within the meaning of the Nasdaq Rules, and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies

We are a “controlled company” as defined under the Nasdaq Rules as Mr. Hu, our founder, chairman of the board of directors, chief executive officer and chief financial officer, owns more than 50% of our total voting power. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and may rely, on certain exemptions from corporate governance rules. As a result, you may not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

Certain judgments obtained against us by our shareholders may not be enforceable

We are a Cayman Islands company and the majority of our assets are located outside of the United States. In addition, a majority of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons may be located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act on liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We have and plan to continue to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we publish our results on a semi-annual basis through press releases, distributed pursuant to the rules and regulations of the Nasdaq Global Select Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely than that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

Certain data and information in this annual report were obtained from third-party sources and were not independently verified by us

This annual report contains certain data and information that have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. Statistical data in these sources of information also include projections based on a number of assumptions. The countries where we operate property markets may not grow at the rate projected by such statistical data, or at all. The failure of our industry to grow at the projected rate may have a material adverse effect on our business. In addition, the complex and changing nature of the broad macroeconomic factors discussed in this annual report may result in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions.

We have not independently verified the data and information contained in such third-party publications and reports. Data and information contained in such third-party publications and reports may be collected using third-party methodologies, which may differ from the data collection methods used by us. In addition, these industry publications and reports generally indicate that the information contained therein was believed to be reliable, but do not guarantee the accuracy and completeness of such information. You should therefore not place undue reliance on such information.

General Risks

We have in the past incurred and continue to incur losses and negative cash flows from operating activities, and we may not achieve or sustain profitability

We incurred a loss from operations of US\$53.6 million, US\$30.4 million and US\$25.3 million in 2023, 2024 and 2025, respectively. We generated gross loss of US\$16.7 million in 2023, and incurred a gross profit of US\$1.2 million and US\$395 thousands in 2024 and 2025, respectively. We had negative cash flows from operating activities of US\$ 11.5 million, US\$17.6 million, US\$9.0 million for 2023, 2024 and 2025, respectively. We cannot assure you that we will be able to generate net profit or positive cash flow from operating activities in the future. Our ability to achieve profitability will depend in large part on our ability to control expenses and manage our growth effectively, to achieve a more stable performance given the significant fluctuation and volatility of the cryptocurrency prices and our Fintech business, as well as to solidify existing market share in the renewable energy market through iterative technology products and services, and to expand new customer markets. We expect to continue to make investments in the development and expansion of our business, including pursuing business opportunities such as electrical power equipment and component manufacturing and new material manufacturing, which will place significant demands on our management and our operational and financial resources. Continuous expansion may increase the complexity of our business, and we may encounter various difficulties. We may fail to develop and improve our operational, financial and management controls, enhance our financial reporting systems and procedures, recruit, train and retain highly skilled personnel, or maintain customer satisfaction to effectively support and manage our growth. If we invest substantial time and resources to expand our operations but fail to manage the growth of our business and capitalize on our growth opportunities effectively, we may not be able to achieve profitability, and our business, results of operations and financial condition would be materially and adversely affected.

Our limited operating history and our volatile historical results of operations could make it difficult for us to forecast our business and assess the seasonality and volatility in our business

As the market for each of the industries in which we operate is relatively nascent and still rapidly evolving, we cannot forecast longer-term demand or order patterns for our products. Because of our limited operating history and historical data, as well as the limited visibility into future demand trends for our products, we may not be able to accurately forecast our future total revenue and budget our operating expenses accordingly. As most of our expenses are fixed in the short-term or incurred in advance of anticipated total revenue, we may not be able to adjust our expenses in a timely manner in order to offset any shortfall in revenue.

We have experienced fluctuations in orders during our limited operating history, and we expect such volatility to occur in the future. Our volatile historical results of operations could make it difficult to assess the impact of seasonal factors on our business. If we or any of our third-party manufacturing service providers are unable to increase production of new or existing products to meet any increases in demand due to seasonality or other factors, our total revenue would be adversely affected and our reputation with our customers may be damaged. Conversely, if we overestimate customer demand, we may reduce our orders or delay shipments of our products from units forecasted, and our total revenue in a particular period could be lower than expected.

Our business requires significant financial resources and we may need additional capital but may not be able to obtain it in a timely manner and on favorable terms or at all

We had negative cash flows from operating activities of US\$11.5 million, US\$17.6 million and US\$9.0 million for 2023, 2024 and 2025, respectively. We have in the past financed our working capital needs primarily through public offerings of our securities.

We may require additional cash resources due to the future growth, development and expansion of our business. Our future capital requirements may be substantial as we seek to expand our operations, diversify our product offering, and pursue acquisitions and equity investments. In addition, we accrued liabilities and other payables of US\$6.3 million and accounts payable of US\$0.4 million as of December 31, 2025. If our cash resources are insufficient to satisfy our cash requirements, we may be required to seek to issue additional equity or debt securities or obtain new or expanded credit facilities or enter into additional factoring arrangements.

Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows and the liquidity of international capital and lending markets. In addition, our loan agreements may contain financial covenants that restrict our ability to incur additional indebtedness or to distribute dividends. Any indebtedness that we may incur in the future may also contain operating and financial covenants that could further restrict our operations. There can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, or at all. A large amount of bank borrowings and other debt may result in a significant increase in interest expense while at the same time exposing us to increased interest rate risks. Equity financings could result in dilution to our shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our ordinary shares. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, results of operations and financial condition.

Third parties have claimed and may, from time to time, assert or claim that we infringed their intellectual property rights and any failure to protect our intellectual property rights could have a material adverse impact on our business

We operate in an industry where participants own a large number of patents and other intellectual property rights that are material to operations and will vigorously pursue, protect and defend these rights. Our competitors or other third parties may allege to own intellectual property rights and interests that could potentially conflict with our own. It is difficult to monitor all of the patent applications and other intellectual property rights protection registrations or applications that may be filed in the PRC or in other relevant jurisdictions. If we offer products that may potentially infringe on such pending applications and the applications are granted, third parties may initiate intellectual infringement claims against us.

As we expand our operations with new products and into new markets, the chances of encountering infringement claims by third parties will increase. We may incur substantial costs in defending or settling such disputes and such actions could divert significant resources and management attention. In addition, some of our customer agreements in the future may require us to indemnify and defend our customers from third-party infringement claims and to pay damages in the case of adverse rulings. As such, claims of this sort also could harm our relationships with our customers and may deter future customers from doing business with us. If securities analysts and investors regard these announcements as negative, the market price of our Class A ordinary shares may decline. We do not know whether we could prevail in any such proceeding given the complex technical issues and inherent uncertainties involved in IP litigation. If any pending or future proceedings result in an adverse outcome, we could be required to:

- cease the manufacturing, use or sale of the infringing products, processes or technologies;
- stop shipment to certain geographic areas;
- pay substantial damages for infringement;
- expend significant resources to develop non-infringing processes, technologies or products;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- cross-license our technology to a competitor in order to resolve an infringement claim, which could weaken our ability to compete with that competitor; or
- pay substantial damages to our customers to discontinue their use of or replace infringing products sold to them with non-infringing products.

Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures. Moreover, such claims, whether successful or not, may cause significant damage to our reputation and a loss of customers. Any of the foregoing could prevent us from competing effectively and could have an adverse effect on our business, operating results, and financial condition.

The industries in which we operate and which we intend to operate in the future are characterized by constant changes. If we fail to continuously innovate and to provide products that meet the expectations of our customers, we may be unable to attract new customers or retain existing customers, and hence our business and results of operations may be adversely affected

The industries in which we operate and intend to operate in the future are characterized by constant changes, including rapid technological evolution, continual shifts in customer demands, frequent introductions of new products and solutions and constant emergence of new industry standards and practices. Thus, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. To maintain the relevancy of our products and to continue to broaden and enhance our product portfolio for delivering the most effective products to our customers, we have actively invested in product planning and research and development. The process of developing and marketing new products is inherently complex and involves significant uncertainties, including the following:

- our product planning efforts may fail resulting in the development or commercialization of new technologies or ideas;
- our research and development efforts may fail to translate new product plans into commercially feasible products;
- our new technologies or new products may not be well received by consumers;
- we may not have adequate funding and resources necessary for continual investments in product planning and research and development;
- our products may become obsolete due to rapid advancements in technology and changes in consumer preferences; and
- our newly developed technologies may not be protected as proprietary intellectual property rights.

Any failure to anticipate the next-generation technology roadmap or changes in customer preferences or to timely develop new or enhanced products in response could result in decreased revenue and market share. In particular, we may experience difficulties with product design, product development, marketing or certification, which could result in excessive research and development expenses and capital expenditure, delays or prevent our introduction of new or enhanced products. Furthermore, our research and development efforts may not yield the expected results, or may prove to be futile due to the lack of market demand.

If we are unable to maintain or enhance our brand recognition, our business, results of operations and financial condition may be materially and adversely affected

Maintaining and enhancing the recognition, image and acceptance of our brand are important to our ability to differentiate our products from and to compete effectively with our peers. Our brand image, however, could be jeopardized if we fail to maintain high product quality, pioneer and keep pace with evolving technology trends, or timely fulfill the orders for our products. If we fail to promote our brand or to maintain or enhance our brand recognition and awareness among our customers, or if we are subject to events or negative allegations affecting our brand image or the publicly perceived position of our brand, our business, operating results and financial condition could be adversely affected.

If counterfeit products are sold under our brand names and trademarks, our reputation and financial results could be materially and adversely affected

Third-party merchants and dealers are separately responsible for sourcing counterfeit products that are sold under our brand names and trademarks. Counterfeit products may be defective or inferior in quality as compared to authentic products. If our customers are not satisfied by counterfeit products sold under our brand names and trademarks, we may be subject to reputational damage. We believe our brand and reputation are important to our success and our competitive position. The discovery of counterfeit products sold under our brand names and trademarks may severally damage our reputation and cause customers to refrain from making future purchases from us, which would materially and adversely affect our business operations and financial results.

We face risks of unexpected events, including natural disasters, acts of God and occurrence of epidemics, which could severely disrupt our business operations

Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the territories in which we operate and may materially and adversely affect our operations. Material damage to, or the loss of, such facilities due to fire, severe weather, flood, earthquake, or other acts of God or cause may not be adequately covered by proceeds of our insurance coverage and could materially and adversely affect our business and results of operations. Any outbreaks of contagious disease, acts of war or terrorist attacks may cause damage or disruption to our business, our employees and our markets, any of which could adversely impact our business and results of operations.

The trading price of our Class A ordinary shares may be volatile, which could result in substantial losses to investors

The trading price of our Class A ordinary shares has been volatile since our Class A ordinary shares began to trade on the Nasdaq Global Select Market on June 26, 2020. The trading price of our Class A ordinary shares has previously and may in the future fluctuate widely due to factors beyond our control. This volatility may occur because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with certain business operations located in China that have listed their securities in the United States as well as factors related to the industries in which we operate. A number of Chinese companies have listed or are in the process of listing (or attempting to list) their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of the Class A ordinary shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for the Class A ordinary shares may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings and cash flow;
- changes in the operating performance or market valuations of other companies performing in the industries in which we operate;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- additions or departures of key personnel;
- fluctuations of exchange rates between Renminbi and the U.S. dollar;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- potential litigation or regulatory investigations; and
- general economic or political conditions in the jurisdictions in which we operate or elsewhere in the world.

Any of these factors may result in large and sudden changes in the volume and price at which the Class A ordinary shares will trade.

Additionally, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards companies with operations in China in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis and the ensuing economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets. These broad market and industry fluctuations may adversely affect the market price of our Class A ordinary shares. Volatility or a lack of positive performance in our Class A ordinary shares price may also adversely affect our ability to retain key employees, most of whom may be granted options or other equity incentives in the future.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Class A ordinary shares, the market price for the Class A ordinary shares and trading volume could decline

The trading market for our Class A ordinary shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Class A ordinary shares, the market price for our Class A ordinary shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our Class A ordinary shares to decline.

We will continue to incur increased costs as a public company, which could lower our profits or make it more difficult to run a business

As a public company, we have incurred significant legal, accounting and other expenses that we did not incur as a private company to ensure that we comply with the various requirements on corporate governance practices imposed by the Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and Nasdaq. For example, we have increased the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We have also incurred additional costs associated with our public company reporting requirements. We expect that these rules and regulations will continue to cause us to incur elevated legal and financial compliance costs, devote substantial management effort to ensure compliance and make some corporate activities more time-consuming and costly. We expect to continue incurring significant expenses and devoting substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

ITEM 4. INFORMATION ON THE COMPANY

A. History and development of the company

In January 2010, Mr. Hu, our founder, chairman of the board of directors, chief executive officer and chief financial officer, founded Zhejiang Ebang, which established Ebang IT in August 2010, to conduct development and sales of communications network access devices and related equipment. In early 2014, in view of the burgeoning opportunities in the blockchain industry, we began to conduct research and feasibility studies on the blockchain business and develop blockchain computing equipment. In August 2015, Zhejiang Ebang was listed in China on the National Equities Exchange and Quotations Co., Ltd. (the “NEEQ”). In August 2016, we acquired 51.05% of the equity interest in Hangzhou Dewang through our capital injection in Hangzhou Dewang. In March 2018, Zhejiang Ebang was delisted from the NEEQ in preparation for the reorganization.

On May 17, 2018, we incorporated Ebang International, our holding company, as an exempted company with limited liability in the Cayman Islands. In 2018, we underwent a series of corporate reorganizations for our initial public offering, including the incorporation of our company as the listing vehicle, incorporation of our oversea holding companies and issuance of shares to shareholders of Ebang Hongfa to reflect their respective shareholdings before the reorganization. We completed the reorganization in May 2018.

On June 26, 2020, our Class A ordinary shares commenced trading on the Nasdaq Global Select Market under the symbol “EBON.” We raised approximately US\$91.7 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us from our initial public offering. From November 2020 to April 2021, we received net proceeds of an aggregate of approximately US\$209 million through follow-on public offerings.

Since our initial listing on the Nasdaq Global Select Market, we have established our subsidiaries primarily in Australia, Hong Kong and the United States to expand overseas businesses. As of the date of this annual report, we have been operating a cryptocurrency exchange platform and a cross-border payment and foreign exchange platform outside the PRC; received registration approval as a digital currency exchange provider, acquired a company with an AFSL, received registration approval as an independent remittance dealer in Australia; received the MSO Licence, Type 4 and 9 licences, TCSP licence and registration approval as a Trust Company in Hong Kong. In November 2024, we commenced our renewable energy business through the acquisition of Redback Technologies in Australia. As industry conditions, regulatory environments and market demand continue to evolve, we may adjust our strategic deployment, business focus and operating model from time to time.

Corporate Information

Our principal executive offices are located at 600 East John Carpenter Freeway, Suite 110, Irving, Texas 75062. Our telephone number at this address is +1 (972) 689-1452. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111.

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov. Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our corporate website is <http://www.ebang.com>. The information contained therein or connected thereto shall not be deemed to be a part of or incorporated into this annual report.

B. Business Overview

With years of manufacturing experience and expertise in blockchain technology and Fintech, we have established ourselves as a key participant in these fields. Leveraging advanced technologies and cutting-edge financial services, our Fintech service platforms have been widely recognized by the market. Striving to diversify our offerings to achieve a more stable financial performance, we expanded into the renewable energy sector in Australia in November 2024, underscoring our commitment to sustainability and long-term growth. In the foreseeable future, we will continue to focus on our renewable energy business and further explore opportunities in related businesses, while proactively adapting to changes in market demand and seizing new development opportunities. Our diversified model enables us to explore synergies across our businesses, driving value for our Company and shareholders.

Overseas Expansion

Since our listing on the Nasdaq Global Select Market, we have established our subsidiaries primarily in Australia, Hong Kong and the United States to expand overseas businesses. As of the date of this annual report, we have been operating a self-developed proprietary cryptocurrency exchange platform, Ebonex, and a self-developed proprietary cross-border payment and foreign exchange platform, EbonFX, targeting qualified investors subject to compliance with applicable laws in the jurisdictions in which we operate, and have commenced our renewable energy business through the acquisition of Redback Technologies in Australia. We have also received registration approval from AUSTRAC as a digital currency exchange provider, which allows us to provide cryptocurrency exchange services in Australia; acquired a company with an AFSL and received an AFSL through another subsidiary for engaging in financial services in Australia; received registration approval as an independent remittance dealer on the AUSTRAC Remittance Sector Register, which allows us to provide remittance services in Australia; received the TCSP licence and registration approval as a Trust Company from the Company Registry in Hong Kong, which allows us to carry on a trust or company service business; received the MSO licence from the Customs and Excise Department in Hong Kong, which allows us to operate money changing and remittance services; and received the Type 4 and 9 licences from the Securities and Futures Commission in Hong Kong, which allows us to carry on advising on securities and asset management service. We are also in the process of obtaining additional relevant licence and approval for our subsidiary in Australia and we are at an initial preparatory stage of the electrical power equipment and component manufacturing and new material manufacturing in suitable regions. If and once obtained, the licence will allow us to operate renewable energy related businesses in Australia. Meanwhile, we are focused on application development, regulatory compliance and talent recruitment to ramp up execution of our new business plans for the expansion in these countries. We expect such ramp-up will support our future operations and our compliance with local rules and regulations. Our expenses to date to implement our new business plans, including establishing in Australia, Hong Kong and the United States, have been mainly on server rentals, application development, regulatory compliance, talent acquisition and offices rentals to set up blockchain, Fintech, renewable energy, electrical power equipment and component manufacturing and new material manufacturing businesses in the abovementioned countries and regions. There is no guarantee that we will receive any additional required approvals and licenses for our proposed business in these jurisdictions in a timely manner or on commercially reasonable terms, or at all, or that we will commence the proposed business as planned, or at all. If our operations at these jurisdictions or our execution of business plan proves incorrect, we may incur additional expenses or losses.

Any restrictions imposed by a foreign government could force us to restructure operations, perhaps significantly, which could result in significant costs and inefficiencies that harm our profitability, or even cause us to cease operations in the applicable jurisdiction. Fintech is an evolving sector and the regulatory schemes to which Fintech businesses may be subject in certain foreign jurisdictions may continue to develop. Accordingly, Fintech may face a degree of regulatory uncertainty in some markets. Various foreign jurisdictions may from time to time adopt laws, regulations or directives that affect our Fintech-related activities. Due in part to its international nature and the evolving stage of regulation, information regarding the regulation of Fintech in various jurisdictions may be limited. As the regulatory landscape continues to develop, market understanding of Fintech and the regulation thereof may also evolve. Similarly, the renewable energy business faces evolving regulations and dependent on government incentives (e.g., subsidies, tax credits). The regulatory environment for renewable energy is subject to constant change and varies widely across jurisdictions. Governments may introduce new policies, regulations, or incentives that could either support or hinder the development and operation of renewable energy business. These changes could materially impact the financial viability and profitability of our renewable energy business. Additionally, the sector is highly dependent on technological advancements and natural resources such as sunlight. Fluctuations in these resources or the emergence of new technologies could affect the efficiency and cost-effectiveness of our renewable energy businesses. The renewable energy market is also becoming increasingly competitive, which could lead to downward pressure on prices and margins. As we enter into the markets in Australia, Hong Kong and the United States, we expect to continue to monitor the local regulations regarding our businesses, retain local regulatory counsel, and will also actively explore new business opportunities.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—The current regulatory environment in foreign markets, and any adverse changes in those environments, could have material adverse impacts on our businesses,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—If we are unable to manage our growth or execute our strategies effectively, our business, results of operations and financial condition may be materially and adversely affected,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We may not successfully develop, market or launch any future Fintech, renewable energy, electrical power equipment and component manufacturing or new material manufacturing businesses or continue operating our existing businesses,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Each of our subsidiaries in Australia, Hong Kong, the United States and other overseas jurisdictions have a limited operating history, which makes it hard for us to evaluate their abilities to generate revenue through operations, and to date, some of them has not generated material revenue from any commercially available blockchain products, Fintech services, or renewable energy products,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We face risks associated with the expansion of our business operations globally and if we are unable to effectively manage such risks, our business growth and profitability may be negatively affected,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business— The businesses that we are pursuing through certain of our subsidiaries’ initiatives are novel and subject to technical, operational, financial, regulatory, legal, reputational and marketing risks and we cannot assure you that such acquisitions or strategic alliances may be successfully implemented,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We require various approvals, licenses, permits and certifications to operate our business. If we fail to obtain or renew any of these approvals, licenses, permits or certifications, it could materially and adversely affect our business and results of operations” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We face intense industry competition” for details of the associated risks.

Our Business

Our business lines are: Fintech, renewable energy, telecommunications, and blockchain products. To achieve a more stable financial performance, we are focused on consolidating our Fintech business, developing our renewable energy business, and exploring opportunities in emerging sectors. We intend to continue to concentrate our efforts in our core and related business areas in the foreseeable future, while remaining adaptable to market demands and open to new opportunities. As industry conditions, regulatory environments and market demand continue to evolve, we may adjust our strategic deployment, business focus and operating model from time to time. Our strategic plan will evolve as we identify and pursue growth initiatives that support the long-term development of our business and value creation for our shareholders.

Our Fintech businesses

Our Fintech businesses are primarily composed of our cryptocurrency exchange and cross-border payment and foreign exchange. For the cryptocurrency exchange business, our retail customers are able to access a world class trading platform with low trading fees, along with a safe environment that ensures their digital assets are held securely. Our institutional clients, through our over-the-counter (“OTC”) desk, receive a personalized customer experience, as well as immediate settlement into fiat or cryptocurrency, along with class-leading trading spreads. For the cross-border payment and foreign exchange business, clients can access competitive foreign exchange rates, fees and services in the market through the EbonFX platform. Additionally, our dedicated service team, comprising foreign exchange (“FX”) market specialists and experienced professionals, offers tailored solutions to mitigate FX risks for our corporate customers and help protect their costs. Using the platform, our customers have the ability to access our cross-border payment services across multiple currencies. Some of the key benefits of using EbonFX for cross-border payments include its simplicity and intuitiveness, its 24/7 availability, access to competitive FX rates in real-time, access to support from professionals, as well as FX risk management for our corporate clients. Our approach to international payments is centered around providing our customers with reliable, convenient, and cost-effective ways to transact online. We strive to make international payments simple and easy for our customers, offering personalized service and tailored solutions to meet the unique needs of each customer. Our customers typically are charged high margins and fees by their banks for their foreign currency transactions; hence our value proposition is to provide a better, more cost-effective payment solution for businesses and individuals operating across borders.

Our Cryptocurrency Exchange Business

In Australia, we have a self-developed cryptocurrency exchange platform operating under the name Ebonex, enabling users to buy, sell, or convert digital assets, which is targeted towards individual retail users and institutional customers. Ebonex is currently registered and enrolled as a digital currency exchange provider with the AUSTRAC to provide such services via the platform. We have integrated robust anti-money laundering and counter-terrorism financing (“AML/CTF”), KYC, Know Your Transaction (“KYT”) measures, and utilize industry benchmark third-party asset custody services in Ebonex to ensure that user assets are secure and comply with relevant regulatory and compliance requirements. Our aim is to establish global cryptocurrency exchange platforms, offering services compliant with the laws and regulations of each country and region in which we operate.

Our cryptocurrency exchange business is in the early stages of operation and has only has a short history. However, we believe that with our experience in the blockchain and Fintech industries, as well as continuous research and development, technology enhancements as well as the expansion of our marketing and operation activities, we will further enhance our position in the market and can achieve revenue growth in the near future.

Our Cross-Border Payment and Foreign Exchange Business

In March 2022, we established our cross-border payment and foreign exchange business in Australia, aimed at small to medium business enterprises (“SMEs”) and high net-worth individual clients, through the acquisition of an established specialist cross-border payment company that has been in operations for over 10 years in Australia. The strategic acquisition provides immediate scale, capability, and expertise to facilitate our entry into the global financial markets. Together with our strong internal technological capabilities, we have successfully launched our self-developed proprietary cross-border payment and foreign exchange platform, EbonFX. The cross-border payment and foreign exchange business offers a comprehensive range of cost-effective payment and risk management solutions to businesses looking to manage their currency exposure and streamline their international payments, while satisfying relevant AML/CTF, KYC, and KYT regulatory requirements. Backed by our network of established partnerships with banks and regulated financial institutions globally, EbonFX is an ASIC licenced and AUSTRAC regulated business that enables its customers to transact safely and securely with confidence in multiple currencies and 180 countries across the world.

In essence, EbonFX provides customer-centric foreign exchange, risk management and cross-border payment services. Revenue is generated through spreads against market rates provided by our liquidity provider, as well as premiums derived from option contracts. Our range of solutions includes (but is not limited to) the following:

- Spot Payments: A spot transaction is an FX transaction where the value date is two business days after the trade date, or T+2. The spot solution of the EbonFX platform allows our customers to exchange currencies for payments or hold for future needs.
- Ability to hold multiple foreign currencies: Our multi-currency balance capability enables our customers to hold and manage multiple currencies in a single account, making it easier for them to receive, send, and manage their global currency needs and reducing the need for multiple bank accounts.
- Manage foreign currency risks: We help manage foreign exchange risks for our wholesale customers through a range of tailored hedging strategies (e.g., forwards and options) to help them manage their foreign currency exposures.
- Forwards: Forward exchange contracts provide a way for our wholesale customers to lock in a rate for a period of up to twelve months, in order to hedge against future currency fluctuations. A foreign exchange forward contract is a derivative product where the value date is more than two business days after the trade date.
- Options: EbonFX offers wholesale clients foreign exchange option contracts in foreign exchange. These options products are a type of derivatives product which gives the buyer of the contract the right (but not the obligation) to buy or sell a currency at a pre-agreed exchange rate on a predetermined date in the future.

Our Renewable Energy Business

Our renewable energy business was launched in November 2024 through the acquisition of Redback Technologies, which has been in operation for over 10 years in Australia. This business primarily offers solar and battery storage solutions and Software as a Service (“SaaS”) data visualization and analytics solutions. Our renewable solar and battery storage systems are designed to withstand harsh climatic conditions, ensuring durability indoors and outdoors. We provide reliable and affordable solutions to reduce electricity costs and enhance energy independence by harnessing solar energy, commonly recognized by industry publications as one of the cleanest and most affordable energy sources globally. Our embedded energy management system (“EMS”) monitors over 200 data points per minute, optimizing energy use, and connecting users to virtual power plants (“VPPs”). VPPs are typically run by an energy retailer and trade electricity based on the spot price of electricity on the market. Customers who subscribe to a VPP service allow their retailer to use their battery to discharge (or in some cases if pricing is negative, charge) in exchange for a rebate on their power bill or open access to the wholesale electricity market. This works well for VPPs customers because they can often sell energy at a higher price which is stored in the batteries.

In addition, we provide SaaS data visualization and analytics solution through a real-time energy and sustainability platform hosted in Australia that is cost-effective and supported by specialized devices. The platform’s advanced analytics provides deep insights, enabling environmental, social, and governance (“ESG”) reporting, optimizing energy use, and allows users to cutdown costs. Its flexibility supports diverse energy, electricity and water monitoring, giving a complete view of a site’s Scope 2 energy usage. The data from our specialized smart meters can read data in real time and conduct analytics to enable the safety analysis, enabling us to detect degrading neutral circuits, preventing life-threatening faults such as a neutral integrity failure.

Solar and battery storage solution

We aim to empower homes and businesses to achieve self-sufficiency through the provision of renewable solar and battery storage solutions. Redback Operations introduced the first-ever “all-in-one” hybrid solar and storage solution into the market in late 2015. This innovation-centric design philosophy that remains central to our business. Our specialized embedded EMS provides all of our solar and storage products with market-leading monitoring and control through direct integration with the Redback Cloud Platform. We use this solution to control the solar and storage system and loads to create a better financial outcome for our customers and enable systems to utilize the VPP services.

Our range of solutions includes (but is not limited to) the following:

- Smart Solar Inverters: Consist of four different power level single-phase solar inverters and built-in smart load controls. Our solution is suitable for all homeowners looking for a solar renewable energy solution.
- Hybrid Solar and Storage Systems: Consist of ten models that range in power level and are suitable for single and three-phase connections; these hybrid systems are all-in-one solutions. Combining variations of solar inverter and battery allow customers to store their generated solar power for later or subscribe to a VPP service to sell their power on the energy market. This solution offers a high level of energy independence and generates high returns for our customers.

Our innovative and proprietary SaaS platform has been developed by us as a cost-effective real-time energy platform for monitoring energy and power quality. The platform can utilize data from external sources or our own specialized smart meters to perform analytics to detect degrading neutral circuits, preventing life-threatening faults. This platform also provides visualization, analytics and reporting for Scope 2 emissions in the growing ESG market.

Our platform solution provides (but is not limited to) the following services:

- **Safety:** Utilizing our specialized “Neutral Integrity” algorithm, we are able to detect life-threatening faults and connect to safety services to prevent potentially fatal outcomes. The Neutral Integrity algorithm analyzes the voltage, current, impedance, etc. The Neutral Integrity algorithm analyses voltage, current, impedance, and related electrical data reported by smart meters at a residence and surrounding properties to determine if the neutral integrity is faulty or failing, which may present a life-threatening situation.
- **Power Quality:** We collect, monitor and analyze data to detect compliance of assets on the power network to relevant standards, power theft, life support power loss and calculate feeder dynamic operating envelopes, among other things. Dynamic operating envelopes are the “safe” region at which the feeder (the transformer, power lines, homes and appliances) can operate safely based on the input of distributed power sources like solar, battery, storage, electric vehicles, as well as loads such as hot water heating and cooling. These envelopes estimate the conditions the network can operate safely before adjustments to generation or loads are required.
- **Scope 2 EMIS:** As an Energy Management Information System, the platform monitors energy, water and other operational data. It also provides accurate reporting for mandatory Scope 2 reporting and the generation of carbon credits. Data analysis using algorithms developed by us provides detailed insights into power utilization and usage optimization enabling-reductions in our customers’ energy bills.

Our Telecommunications Business

Our telecommunications business was established in 2010, focusing on access-layer network devices that connect end users to telecommunications networks, with two main product lines and supporting components: (i) Fiber-Optic Communication Access Devices, which are mainly used in telecommunication and data center rooms, where we collaborate with operators to provide professional and reliable fiber-optic private network communication services for enterprises and data centers to meet the demand for high-density fiber optic interconnection communication networks in urban areas, including multiprotocol label switching (“MPLS”) fiber-optic access network devices, multi-service access platform (“MSAP”) integrated business access devices and wavelength-division multiplexing (“WDM/DCI”) fiber-optic devices; and (ii) Enterprise Convergent Communication Terminals, which are mainly deployed for enterprises, through which we collaborate with operators to offer one-stop fiber optic broadband access services to meet the demand of enterprises for internet access and cloud-based office needs, including gigabit passive optical network (“GPON”), Fiber to the Room (“FTTR”), passive optical network converged gateway, enterprise cloud gateway devices, Industrial Internet of Things (“IoT”) access devices and business enterprise smart wireless access devices.

Our Blockchain Products Business

Our blockchain products business is our legacy business that consists primarily of Bitcoin mining machine sales. Our legacy is built on our strong ASIC chip design capability, profound expertise and technical reserves, as well as years of manufacturing experience.

We independently design and develop our blockchain products in-house, including the design of proprietary ASIC chips for our cryptocurrency mining machines. Our front-end and back-end IC design covers parameter definition, logic development, layout initial planning and back-end verification, delivering a 100% tape-out success rate. We partner with leading suppliers for IC products fabricating, testing and packaging, and leverage our mature telecommunications manufacturing experience and knowledge to establish in-house PCB and system assembly capabilities for mining machines. Backed by our outstanding technical expertise and production experience in the IC development chain, we launch higher performance and power efficiency ICs for blockchain application fields.

Bitcoin Mining Machine Products

Our ASIC technology and expertise is used for blockchain products, mainly Ebit-branded Bitcoin mining machines integrating our self-developed ASIC chips and procured components. Since starting ASIC design, we have independently developed 14nm, 12nm, 10nm, 8nm, 7nm and 6nm ASIC chips for Bitcoin algorithms and launched related mining machines. As of the date of this annual report, we have optimized 5nm ASIC chips and non-Bitcoin mining machines, with launch timelines subject to market demands and conditions.

Our hardware architecture optimizes ASIC computing power and energy efficiency with heat dissipation technology. Mining machines have built-in controllers, an automatic cluster management software system, and simplified setup to reduce installation and configuration time. We also offer Bitcoin mining machine accessories and ancillary service. However, this business's scale and focus may adjust as our overall strategy evolves, based on market and operational factors.

Our Customers

Cryptocurrency Exchange Business

Our target customers mainly trade with us digitally on the platform, as well as through our OTC execution and treasury services with the assistance of our experienced digital assets experts. Users can rely on a secure and easy-to-use platform, allowing seamless deposits and withdrawals from either fiat or cryptocurrency wallets, and a robust trading experience on Ebonex.

We are committed to building a world-leading comprehensive digital asset service platform to meet the asset service needs of cryptocurrency asset users worldwide while complying with relevant laws and regulations. We invest in the growth of financial products and related technology and conduct thorough research to identify market opportunities and offer bespoke solutions to clients.

Cross-Border Payment and Foreign Exchange Business

Tapping into the existing client base of our acquired Australian cross-border payment and foreign exchange business and aiming to expand beyond the existing client pool, we are mainly targeting retailers, wholesalers, small businesses, importers and exporters. Most importers and exporters are aware of the effects that fluctuations in exchange rates can have on the profitability of their businesses. Currency movements are also important to individuals such as expatriates and high net worth individuals, and those looking to make international investments. With our global business network, we are continuously looking to serve customers in Australia and beyond. Our strategy is to retain and nurture the existing client base, while at the same time aiming to acquire new customers in the SME segment in a variety of industries including (but not limited to) retailers, wholesalers, manufacturers as well as importers and exporters, which have a business requirement for cross-border payment and foreign exchange services. In addition, we also provide our services to high net-worth individuals that have demands for overseas payments and income.

Solar and Battery Storage Solution

Globally, the residential solar and storage market has been expanding rapidly. Traditionally, we have catered to residential homeowners through electrical wholesalers who provide our products to homeowners via an installation network. We offer a ‘one-touch’ solution for customers to subscribe to a VPP service and receive rebates and a 10-year warranty on our solar and storage products.

SaaS Data Visualization and Analytics Solution

Our energy and sustainability platform provides real-time analytics of electrical data for grid quality and safety. Our primary customers are distribution network service providers who are responsible for distributing low voltage power to homes. These businesses are large and manage numerous homes, resulting in a high volume of monitoring points and potential hardware sales. In addition, the platform can deliver accurate, actionable, and auditable results for businesses mandated to provide ESG and Scope 2 reporting of energy and water usage.

Telecommunications Business

Our telecommunications products are mainly sold in China under the brand name “EBANG” through direct sales. Our customer base for our telecommunications products primarily includes major telecommunications service providers in China.

We do not have any long-term or exclusive agreement with our telecommunications product customers. Sales to our enterprises customers are generally made on one-off sales contract or purchase order bases with a credit period of one to nine months. We generally enter into framework agreement with the major telecommunications service providers in China with a credit period up to one year. We typically require payments to be made in installments upon delivery of the products. We encourage our sales representatives to negotiate shorter credit periods to reduce our credit risk.

Blockchain Products Business

Our customer base for sales of our Ebit mining machines comprises both enterprises and individual buyers. We generally do not enter into long term agreements with our mining machine customers. Sales are typically made on one-off sales contract or purchase order bases. Generally, we either require prepayment in full or offer alternate payment plans for customers to prepay a certain percentage with the remainder to be settled after delivery of the products, and we have extended credit sales to certain customers since 2018.

Research and Development

We have historically and continue to place strong emphasis on research and development. We consider research and development capability as a crucial factor to our success and our ability to develop innovative and competitive products to meet the technological requirements of customers. As of December 31, 2025, our research and development team comprised 101 employees, or approximately 51.3% of our total number of employees. Our research and development expenses were US\$4.1 million in 2025.

Our research and development team is overseen by our Chairman, CEO and CFO, Mr. Hu. Our highly skilled research and development team excels in monitoring and assessing user needs, market trends, and industry advancements, guiding the direction of our projects and product roadmaps while identifying growth opportunities and potential challenges in the rapidly evolving industries in which we operate. In particular, our research and development efforts are supported by multidisciplinary teams with expertise across areas including data analytics, hardware and software engineering, and industrial design. These teams adopt a comprehensive research approach, integrating market intelligence with rigorous analysis to support product development and strategic decision-making. In addition, our research and development personnel actively monitor developments in the broader energy and infrastructure landscape, leveraging cross-functional expertise to support our exploration of opportunities in emerging and evolving sectors. We actively participate in working groups within the regulatory landscape to engage with and leverage regulatory changes and subsidy offerings. By becoming involved earlier in the process, we design products that deliver superior customer outcomes compared to our competitors. Our agile development processes in both hardware and software ensure that our offerings are one of the most integrated in the market. Our team of senior and principal software engineers specializes in real-time platform design, data integration, and analysis using established principles and advanced technology. By maintaining close alignment with power networks and sustainability professionals, we conduct expert market analyses to offer innovative solutions that improve safety, efficiency, and cost-effectiveness for our customers.

Production

Manufacturing Model

We do not directly manufacture ICs. Instead, we utilize a fabless model, which allows us to focus our resources on research and development, product design, and additional quality assurances. We conduct front-end and back-end designs of our IC chips, which are then manufactured, packaged and tested by world-class wafer foundry and OSAT partners with whom we engage. Under the fabless model, we are able to leverage the expertise of industry leaders in such areas as fabrication, assembly, quality control and assurance, reliability and testing. Our fabrication partners also procure the majority of the raw materials used in the production of our ICs.

Additionally, we design our solar and battery storage solutions and leverage original equipment manufacture (“OEM”) partners for specific components and manufacturing specialties. These OEM partners are chosen as best in class for base electronics and production facilities, handling manufacturing, 100% product testing, packaging and shipping.

These models enables us to avoid many of the significant costs and risks associated with owning and operating various fabrication, packaging, and testing facilities.

Assembly Plant

We have in-house capabilities to produce our blockchain and telecommunications products at our production facilities. These include PCB assembly to create the mounted circuit boards once the IC chips have been manufactured, and general assembly to integrate the circuit boards with other components and parts for assembling the final products. In addition, we develop our own EMS in-house, including printed circuit board (“PCB”) assembly and testing. This EMS serves as the main control center for the final assembly of solar and storage products at OEM facilities, allowing us to protect and manage critical intellectual property in EMS design and firmware.

We procure certain raw materials, including lithium, aluminum, steel and copper, components and parts, such as electronic components, metal cases, cables, antennae and packaging materials, which are used by us for the assembly of PCBs and our final products. Any volatility in raw materials could have an impact on the supply chain, but to mitigate such risks and reduce the likelihood of any disruptions, we typically maintain three or four different suppliers for most of our raw materials, components and parts. We generally place purchase orders with our suppliers based on our estimated purchase orders and production schedule. The lead time for procurement is generally one to four months. We are typically required to pay our suppliers before or upon delivery of the raw materials, components and parts. We closely monitor the quality of all raw materials provided by our suppliers to ensure that all raw materials comply with the stringent requirements of our customers. For more information, see “Item 4. Information on the Company—B. Business Overview—Quality Control.”

We outsource some of our production to third-party subcontractors in order to meet additional capacity needs. We currently maintain a working relationship with approximately four to five third-party subcontractors for PCB and general system assembly. The terms of our subcontracting arrangement are set out in individual written work orders, and the amount of work outsourced is determined on an as-needed basis. To maintain our product standards, we institute strict quality control measures with our third-party subcontractors. These measures include requiring product testing at various stages of production and utilizing our proprietary software to record and report the quality testing results.

Production Facilities

We operate one production facility in Hangzhou, Zhejiang, which houses three surface mount technology (“SMT”) production lines and three general assembly lines as of December 31, 2025.

SMT production lines are responsible for PCB assembly, which is a key process for both our mining machine and telecommunications products. The maximum output volume of our in-house production facilities is largely dictated by the production capacity of our SMT production lines in Hangzhou and is also influenced by our development strategy and business layout.

Quality Control

We place great emphasis on the importance of quality control in every aspect of our business. We produce our products in accordance with our strict quality control system and quality standards. We obtained all the material quality control certifications in the PRC for our products or production facilities. From sourcing of raw materials, production, delivery and installation, each stage of the production process is subject to our quality control procedures for both in-house production and outsourced third-party production.

We have implemented various quality-control checks into our production and fabrication process by our production partners. In addition, we provide timely and effective after-sales services and support to our users. We have quality control personnel based at each of our production facilities. They are part of our production department and are led by our quality control supervisor. The quality control team is primarily responsible for monitoring the quality of procurement raw materials, production process and finished products and supervising the product testing. We have our own on-site quality control staff to inspect each stage of the production process. The quality control staff inspects semi-finished products at various stages of the production process to ensure their compliance with our internal quality control standards and measures. This helps us detect defects during the production process and take steps to rectify those defects, where appropriate. For outsourced production, we require that all third-party contractors utilize a software system we provide to track, test and record each product made for us using unique identifying barcodes on the products so that we can review the testing results of their products. Our third-party contractors also agree to allow us to conduct sample testing of their products and random spot checks of their facilities. We require final testing on the products before their delivery to our customers to ensure the products meet the specifications and requirements of its customers.

After-Sales Services and Warranties

Our solar and battery storage products have a 10-year warranty. This warranty is ably supported by our in-house customer service and warranty team. We provide technical support for installers of the products and homeowners through our website and/or live support. Because we monitor and record all system data, faults can be analyzed using our internal fleet management system and issues can be rectified remotely or suitability for a replacement can be assessed. All replacements are done on site with an approved return merchandise authorization and workorder. Faulty units may be returned for further analysis, repair or disposal. Our specialized metering devices have a 12-month warranty and have historically had less than 0.05% failure rate. Our real-time platform does not have a dedicated in-house customer service team. Instead, we provide comprehensive training and documentation such that customer support can be provided by our channel partners. This model significantly reduces the overhead costs associated with supporting the SaaS business.

We provide installation services of communication network devices to our customers depending upon the products purchased and the type of customer. For our telecommunications products, we typically provide a 12 to 36-month warranty depending on the type of customer and product. During the warranty period, we provide maintenance and after-sale services, which include technical support, system and network testing, equipment repair and maintenance.

Sales and Marketing

Historically, the marketing of our blockchain and Fintech products was done through word of mouth, press releases of our product launches and exhibitions when we launch a new product. Certain of our available products are also advertised on our website which is updated periodically. From time to time, we maintain a presence on social media in order to raise awareness of our brand.

For our renewable energy products, we market to several distinct customer groups. Homeowners and businesses, the end recipients of our products, are targeted directly through our website, Google and Meta advertising, and our social media (Facebook, Instagram, Threads, YouTube, LinkedIn, Rednote) as well as via their trusted local installers. We promote to installers directly through the installer section on our website, and indirectly through our Partner Connect web-portal, social media (particularly LinkedIn), online magazines, media outlets, press releases and various conferences and shows. We maintain a strong presence at live events to showcase new products and make key announcements. We also provide equipment and exhibitions on our distribution partners' stands to attract new installer customers and reaffirm relationships with existing partners. Distributors receive marketing materials, press releases, and product samples to promote our products in stores to installers. We also provide a demo site for customers to try our SaaS solutions, and organize demo meetings with our team. Businesses are targeted through LinkedIn social media posts, and key announcements are made to customers through Electronic Direct Mail ("eDM") and blog posts on our website. Key announcements to the industry are also promoted through online magazines and partner brochures.

For our telecommunications products, we obtain supplier contracts through bidding processes held by the major telecommunications service providers in China, in order to become an approved supplier. We set up sales offices in the provinces with large distribution scale according to the winning bids. Our sales offices also serve the surrounding provinces to form an effective sales network.

Competition

Our company operates in multiple vertical business areas, including Fintech, renewable energy and ICs. The competitive landscape in each of these verticals is characterized by various challenges and opportunities.

In the vertical field of Fintech, including cryptocurrency and cross-border payment, a diversified and dynamic competitive landscape has emerged since the late 2000s. We face competition from numerous well-known participants, ranging from large, established financial incumbents to smaller early-stage Fintech providers and companies native to the crypto economy, such as decentralized exchanges. In the cross-border payment business, we encounter competition from various entities, including traditional banks, payment processing companies, and Fintech startups that offer diverse payment solutions and services for seamless cross-border transactions and international payment processing. Despite this competitive landscape, our strengths in innovation, technology, and adaptability have positioned us as a formidable player in this field.

In the vertical field of renewable energy business, our competitors are often larger international businesses supplying products globally. Government incentives and growing consumer demand are driving competition in the sector, with key trends including integrated solar and storage solutions into external control systems, advanced EMSs, and AI-driven platforms. The rise of VPPs and flexible export agreements is also shaping the market. The market is also influenced by the growing adoption of ESG reporting and carbon credit generation. Although the ESG market is still emerging, our innovations in safety, real-time monitoring, fault detection, and product flexibility are critical differentiators. We believe we are well placed to take advantage of these trends in an ever-growing range of competitors that include established and growing market leaders such as Tesla, Fronius, Sungrow, Sigenergy, Goodwe, Alpha and BYD.

In the vertical IC field, we face competition from both more mature companies and new entrants. Some of these competitors may possess advantages such as stronger brand recognition, greater access to capital, longer industry tenure, more established relationships with suppliers or customers, and more extensive resources. Our competitive strategy in this domain focuses on continuous innovation, cutting-edge technology, and high-quality products.

We anticipate that the intensity of competition across all verticals will persist, driven by rapid technological advancements and the emergence of new market entrants. By maintaining a focus on innovation, research and development, and strategic partnerships, we aim to navigate the dynamic competitive landscapes in the industries in which we operate. Our ability to adapt and commitment to delivering high-quality technology and services will be crucial in differentiating ourselves from competitors and ensuring sustainable growth across all our business verticals.

Intellectual Property

We rely on a combination of copyright, trademark, patent and other proprietary technology and contractual restrictions on disclosure to protect our intellectual property rights. We enter into relevant confidentiality agreements or provisions with our employees and certain customers and suppliers and rely on such confidentiality agreements or provisions and other protection of our technical know-how to maintain our technical advantages in our products and design.

As of the date of this annual report, we have registered 61 patents, 10 IC layout designs and 70 software copyrights, with an additional 19 patent applications in the PRC and overseas pending.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our technology is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

Through the use of licensing arrangements, we utilize various technologies, software and other intellectual property that were developed by third parties. During the course of our products design, development and manufacturing processes, we incorporate certain third-party technologies or implement technical or commercial standards, practices or intellectual property that require licenses from third parties. These licenses allow us to use or access such third parties' technologies and intellectual property rights in connection with our products and operations. We have also purchased licenses for various software and tools from third parties to support our research, development and design activities. These license grants were usually perpetual and irrevocable on a project-by-project basis. Third parties may initiate litigation against us alleging infringement of their proprietary rights or breach of a licensing agreement or seeking declarations regarding the scope or enforceability of intellectual property rights. If third parties prevail on such claims, and if we fail to develop non-infringing technology, obtain necessary licenses on commercially reasonable terms, or otherwise resolve such matters in a timely manner, our business could be harmed. Moreover, even if we are able to obtain such licenses, license fees could be substantial and may adversely affect our results of operations.

See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Our intellectual property rights are valuable, and any inability to protect them could adversely impact our business, operating results, and financial condition" and "Item 3. Key Information—D. Risk Factors—General Risks—Third parties have claimed and may, from time to time, assert or claim that we infringed their intellectual property rights and any failure to protect our intellectual property rights could have a material adverse impact on our business."

Insurance

Besides the PRC government-mandated social insurance and housing provident fund schemes and motor vehicle insurance, in Singapore, we maintain insurance to cover public liability (including all risk on content and others) and group insurance to cover employees' benefits (including term life, personal accident, hospitalization, outpatient dental and clinical charges); in Australia, we maintain professional indemnity insurance, professional liability, privacy and network security liability, technology liability, public liability, management liability, annual marine insurance, trade credit insurance, as well as business pack insurance which covers importation, distribution and design of smart hybrid, solar inverter and battery enclosures including software. Subject to the foregoing paragraph, we do not carry any business interruption insurance in relation to our operations.

We are also committed to ensuring that we comply with legally mandated insurances in the jurisdictions in which we operate. We believe that our insurance coverage is adequate and is in line with industry practice.

Environmental Matters

We have received GB/T 24001-2016/ISO 14001:2015 environmental management system certification, which is valid until September 11, 2027 and subject to renewal. Due to the nature of our business, our operational activities do not directly generate industrial pollutants, and we did not incur significant cost for compliance with applicable environmental protection laws and regulations in 2023, 2024 and 2025.

Legal Proceedings

We may from time to time be subject to various legal, arbitration or administrative proceedings arising in the ordinary course of business. However, we do not consider any such claims, lawsuits or proceedings that are currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our future operating results, financial condition or cash flows.

REGULATION

Regulatory Overview of the PRC

We are engaged in the research and development, production, sales of products, and rental services in the PRC. The following sets forth a summary, which does not purport to be complete, of the relevant PRC regulatory authorities and PRC laws, regulations and government policies that are applicable to our business operations in the PRC.

Competent Regulatory Authorities

The Ministry of Industry and Information Technology of the PRC, or the MIIT, and its departments are in charge of the industrial and information technology sectors at the national level. The MIIT formulates and directs the implementation of industrial sector planning, industrial policies and standards; monitors the daily operations of industrial sector; promotes the development and independent innovation of major technical equipment; manages the communications industry, guiding and advancing the construction of information technology infrastructures; and coordinates the safeguarding of national information technology security, while in charging of the approval of network access licenses (including trial), telecommunications business operation licenses, specifications and standards for organizational implementation software and system integration services, and radio transmission equipment type approval certificates. The local Commissions of Economy and Information Technology are the competent authorities in charge of the industrial and information technology sectors at the local level.

The State Administration for Market Regulation of the PRC is in charge of the comprehensive supervision and administration of the market, and the Certification and Accreditation Administration of the PRC, or the CNCA, is in charge of the organization, implementation, supervision, management and overall coordination of mandatory product certification activities at the national level. The local Quality and Technology Supervision Bureaus and various Entry and Exit Inspection and Quarantine Offices are responsible for the supervision, management and enforcement of mandatory product certification activities in their relevant local areas.

The National Copyright Administration of the PRC is in charge of the management of software copyright registration. The Copyright Protection Center of China and its local software registration offices are responsible for software registration.

The MOFCOM and its local bureaus are responsible for supervising and managing the establishment of overseas companies for foreign investment.

The NDRC and its local bureaus are responsible for providing macro guidance, comprehensive services and overall supervision over outbound investments. The National Energy Administration of the PRC (the “NEA”) is a national bureau managed by the NDRC. The NEA and its local bureaus are responsible for organizing the formulation of industrial policies and relevant standards for new energy, guiding and coordinating the development of new energy; organizing and formulating development plans, programs and policies for new energy and implementation.

The General Administration of Customs of the PRC, or the PRC Customs, and its local bureaus are responsible for the supervision of import and export trade, registration of customs declaration enterprises, approvals of bonded premises, and other relevant matters.

SAFE and its local bureaus are responsible for the supervision and management of foreign exchange receipts and payments or foreign exchange operational activities carried out by PRC institutions and individuals, and foreign exchange receipts and payments or foreign exchange operational activities carried out in the PRC by foreign institutions and individuals.

The Ministry of Emergency Management of the PRC and its local bureaus are responsible for the supervision and management of work safety activities.

The Ministry of Ecology and Environment of the PRC and its local bureaus are responsible for the management of environmental protection activities, while the local bureaus also supervise and manage the protection of resources, prevention of pollution and other matters on environmental protection in the local areas.

The China Semiconductor Industry Association is a national industrial and non-profit social organization, consisting of entities, experts and other related enterprises and institutions engaged in the manufacturing, design, scientific research, development, operation, application and education of integrated circuits, semiconductor discrete devices, semiconductor materials and equipment.

Regulations and Government Policies Relating to New Energy

According to the Outline of the 15th Five-Year Plan (2026-2030) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the PRC promulgated by the National People's Congress of the PRC on March 12, 2026 and which came into effect on the same day, China emphasized focusing on accelerating the development of strategic emerging industries such as next-generation information technology, new energy, new materials, intelligent connected new energy vehicles, robots, biomedicine, high-end equipment, and aerospace, and developing distinctive and complementary strategic emerging industrial clusters in light of local conditions, and strive to foster a number of emerging pillar industries with great growth potential, high technological content and wide-ranging penetration.

According to Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy, which was promulgated by the Central Committee of the Communist Party of China and the State Council on September 22, 2021 and came into effect on the same day, China intends to accelerate the development of strategic emerging industries in areas such as new energy, new materials, new energy vehicles, and environmental protection, with the goal of carrying out initiatives to substitute renewable energy for fossil fuels, vigorously developing wind, solar, biomass, marine and geothermal energy among others, and continuously increasing the proportion of non-fossil in total energy consumption. Faster moves must be made to scale up the use of pumped storage hydro power and other new forms of energy storage, accelerate the development of new energy and clean energy vehicles and ships, promote intelligent transportation and accelerate the construction of a convenient, efficient network of battery charging and swapping facilities.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 promulgated by the State Council on October 24, 2021 and which came into effect on the same day, it is proposed to actively develop the "new energy + energy storage" model, promote coordination of power source-grid-load-storage, use multiple energy sources to supplement each other, support the deployment of appropriate ESS for distributed new energy sources and speed up the demonstration and application of new types of energy storage.

According to the Implementation Plan on Accelerating the Comprehensive Utilization of Industrial Resources promulgated by eight departments (including the Ministry of Finance, the NDRC and the MIIT) on January 27, 2022, which took effect on the same day, the management system will be improved so as to strengthen the traceability management of full life cycle of EV batteries for new energy vehicles, while promoting cooperation between upstream and downstream enterprises in the industrial chain to jointly build recycling channels, creating a cross-regional recycling and utilization system, and advancing the safe cascade utilization of waste EV batteries in fields such as backup power and charging and swapping.

According to the 14th Five-Year New Energy Storage Development Plan jointly promulgated by the NDRC and the NEA on January 29, 2022 and which came into effect on the same day, by 2030, new energy storage will be developed on a fully market-oriented basis and will be deeply integrated with various segments of the power system, basically meeting the requirements for building a new type of power system and fully supporting the achievement of carbon peak goals in the energy sector as planned.

According to the 14th Five-Year Plan for Modern Energy System jointly promulgated by the NDRC and the NEA on January 29, 2022 and which came into effect on the same day, China will establish and improve the construction standards for electrochemical energy storage and hydrogen energy and accelerate the large-scale application of new energy storage technologies. It will vigorously promote the development of energy storage on the power supply side, ensure reasonable configuration of storage capacity, improve the output characteristics of new energy stations, support the distributed ESS for rational allocation of new energy sources, and optimize the layout of grid-side energy storage, in an effort to leverage its multiple roles in integrating new energy, peak shaving and valley filling, enhancing grid stability and emergency power supply. It will also support the diversified development of user side energy storage, improve power supply reliability for users and encourage the participation of user side energy storage such as electric vehicles and uninterruptible power supplies in peak shaving and frequency regulation. It will conduct focused research and development on key technologies for new energy storage to accelerate the core technology autonomy and promote continuous cost reductions and large-scale applications of energy storage technologies, thereby perfecting technical standards and management systems for energy storage and enhancing the level of safe operation.

According to the Implementation Plan for the Building of the Carbon Footprint Management System, which was promulgated by 15 departments, including the Ministry of Ecology and Environment of PRC, the NDRC and the MTT, on May 22, 2024, which 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 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.

Regulations Relating to Energy Conservation Review

According to the Energy Conservation Law of the PRC, which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council jointly with other relevant State Council departments.

According to the Measures for the Energy Conservation Review of Fixed Asset Investment Projects revised by the NDRC on March 28, 2023 and which came into effect on June 1, 2023, the review opinions on energy conservation of a fixed asset investment project are an important basis for the commencement of construction, acceptance upon completion as well as operation and management of such project. For a government-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to submitting its feasibility study report for the project. For an enterprise-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to the commencement of construction. For a project which has not undergone the energy conservation review or fails to pass the energy conservation review, the project owner shall not commence construction, or the project shall not be put into production or use if it is already completed.

Regulations on Import and Export of Goods

According to the Customs Law of the PRC, last amended by the SCNPC on April 29, 2021 and which came into effect on the same day, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and combats smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises recorded with the Customs. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Law of the PRC on Import and Export Commodity Inspection last amended by the SCNPC on April 29, 2021 and which came into effect on the same day, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection last amended by the State Council on March 29, 2022 and which came into effect on the same day, the General Administration of Customs of PRC (“the General Administration of Customs”) is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalogue and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. Consignees or consignors of the import and export commodities may complete the inspection procedures themselves or engage an agent to do this.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC promulgated by the General Administration of Customs on November 19, 2021 and which came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification and in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators.

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 on January 3, 2023 and which 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.

Regulations and Government Policies Relating to the IC and Blockchain Industries

Pursuant to the Circular on Prevention of Risks Associated with Bitcoin, or the Circular, jointly promulgated by the People’s Bank Of China, or the PBOC, the MIIT, the China Banking Regulatory Commission, the CSRC and the China Insurance Regulatory Commission on December 3, 2013, Bitcoin shall be considered a kind of virtual commodity in nature, which does not have the same legal status with fiat currencies and shall not be used and circulated in the market as currency. This circular also provides that financial institutions and payment institutions shall not engage in businesses related to Bitcoin.

Pursuant to the Announcement on Prevention of Risks from Offering and Financing of Cryptocurrencies promulgated by seven PRC governmental authorities including the PBOC on September 4, 2017, illegal activities in offering and financing of cryptocurrencies, including initial coin offerings (“ICOs”), are forbidden in the PRC because such activities may be considered to constitute illegal offering of securities or illegal fundraising. This announcement further provides that financial institutions and payment institutions shall not engage in businesses related to cryptocurrency offering or financing transactions.

There is no prohibition under PRC laws and regulations currently in effect on the possession of Bitcoin by PRC citizens and organizations.

Purchase and running of computing hardware by PRC citizens or organizations for the purpose of Bitcoin mining in China do not violate any PRC laws and regulations currently in effect. PRC citizens and organizations are not prohibited from engaging in Bitcoin mining activities in China. Design, production, sale (including both wholesale and retail) of computing hardware used for Bitcoin mining, including blockchain processing units (“BPUs”), in China, or sale (including both wholesale and retail) or export of such computing hardware from China, do not violate any provisions of any PRC laws and regulations currently in effect, provided that such activities shall comply with the general regulatory rules in relation to the administration of industry and commerce registration, taxation, fire control and environmental protection and the relevant policies and requirements imposed by any PRC governmental authorities.

As demonstrated by the Circular of the State Council on Printing and Distributing Policies for Encouraging the Development of the Software and IC Industries issued on June 24, 2000, the PRC continues to enact policies encouraging new and advanced technology and supporting the software and IC industries.

On January 28, 2011, the State Council issued the Circular of the State Council on Printing and Distributing Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry, or the Circular, which aims to formulate a series of policies for the purposes of further optimizing development environment for the software industry and integrated circuit industry, increasing the quality and the level of industry development and cultivating a number of influential and strong leading enterprises in these industries. The Circular addresses topics including fiscal tax policies, investment and financing policies, research and development policies, import and export policies, talent policies, intellectual property policies and market policies.

On June 24, 2014, the State Council issued the Outline for Promoting the Development of the National Integrated Circuit Industry, which highlights that great efforts shall be put on the development of the IC design industry. By focusing on the industrial chain of key areas and strengthening IC design, software development, system integration, collaborative innovation in contents and services, the goal is to drive the development of the manufacturing industry through the rapid growth of the design industry.

On June 8, 2015, the NDRC issued the Notice on Implementing Major Engineering Packages in Emerging Industries. The Notice highlights the efforts in developing IC construction infrastructures, focusing on enhancing the level of advanced technology, design industry concentration ratio and industrial chain supporting ability, selecting areas with more mature technology, good industrial base and wide application potential, and accelerating the industrialization of high performance IC products.

On May 4, 2016, the Ministry of Finance of the PRC, the SAT, NDRC and the MIIT, jointly released the Notice on Enterprise Income Tax Preferential Policies for Software and IC Enterprises. This Notice specifically stipulates the preferential policies on EIT related to IC manufacturing enterprises, IC design enterprises, software enterprises, key software enterprises within the national planning layout and IC design enterprises.

On December 15, 2016, the State Council issued the Notice of the 13th Five-Year Plan for National Informatization. This notice highlights the need to strengthen the layout of strategic innovative technologies, including blockchain technology, as well as others such as enhanced quantum communications, future networks, brain-like computing, artificial intelligence, holographic display, virtual display, big data cognitive analysis, new nonvolatile storage, driverless vehicles and gene editing.

On July 8, 2017, the State Council issued the Notice on Issuing New Generation AI Development Plan. This notice points out that advancing the integration of blockchain technology and artificial intelligence and establishing a new social credit system will significantly minimize the cost and risk of interpersonal communications.

On August 13, 2017, the State Council issued the Guidance on Further Expanding and Upgrading Information Consumption Potential for Sustained Release of Domestic Demand, which highlights and encourages the use of open source code to develop personalized software and the launch of trial applications using new technologies such as blockchain and artificial intelligence.

On October 5, 2017, the General Office of the State Council issued the Guiding Opinions on Actively Promoting Supply Chain Innovation and Application, which highlights and promotes the research of using emerging technologies such as blockchain and artificial intelligence to establish a credit evaluation mechanism based on supply chain.

On November 19, 2017, the State Council issued the Guiding Opinions on Deepening Internet + Advanced Manufacturing Industry to Develop Industrial Internet which promotes the research and exploration of applications of emerging technologies in industrial Internet, such as edge computing, artificial intelligence, augmented reality, virtual reality, and blockchain technology.

On May 21, 2021, the Financial Stability and Development Committee of the State Council in China proposed to “crack down on Bitcoin mining and trading.” However, it was not until September 15, 2021, as described below, that all digital asset transactions were banned in China.

In May 2021, local governments began to issue corresponding measures in succession to respond to the central government, including Xinjiang Changji Hui Autonomous Prefecture Development and Reform Commission issuing a notice on the immediate shutdown of enterprises engaged in cryptocurrency mining on June 9, 2021.

On June 18, 2021, according to the public media report – Sichuan Provincial Development and Reform Commission and Sichuan Energy Bureau issued a notice on the shutdown of cryptocurrency mining projects with the deadline of June 25, 2021. On September 3, 2021, the newly issued Notification of Overhauling the Mining Activity of Cryptocurrency (or the Notification No. 1283) banned all new cryptocurrency operations in China and set forth penalties on a going forward basis for all of the PRC.

Pursuant to the Circular on Further Preventing and Disposing of Risks in Virtual Currency Trading and Speculation (Yin Fa [2021] No.237) promulgated by ten PRC governmental authorities including the PBOC on September 15, 2021, virtual currency-related business activities in China and the provision of services by an overseas virtual currency exchange to a Chinese resident via the Internet will be considered as illegal financial activities.

Laws and Regulations Relating to Industry Qualifications

Pursuant to the Telecommunications Regulations of the PRC issued on September 25, 2000 and last amended on February 6, 2016 and the Administrative Measures for the Network Access of Telecommunications Equipment issued on May 10, 2001 and last amended on January 18, 2024, the State implements a network access system that covers telecommunications terminal equipment, wireless communications equipment and network interconnection equipment connected to public telecommunications networks. A network access license issued by the MIIT shall be obtained for telecommunications equipment implementing network access. Without a network access license, such equipment is not allowed to be connected to a public telecommunications network for use nor to be sold domestically.

Pursuant to the Regulations on Administration of Mandatory Product Certification issued on July 3, 2009 and last amended on September 29, 2022, producers, sellers or importers of products included in the product catalog shall entrust a certification agency designated by the CNCA to certify the products produced, sold or imported thereby.

Pursuant to the Regulations of the PRC for the Administration of Radio Operation promulgated on September 11, 1993, last amended on November 11, 2016 and effected on December 1, 2016, in addition to micro-power short-range radio transmitting equipment, any other radio transmitting equipment that is manufactured or imported for sale or use domestically shall apply to the state authority in charge of radio regulation for approval.

Laws and Regulations Relating to Work Safety

The Work Safety Law of the PRC, issued on June 29, 2002, last amended on June 10, 2021, and effective September 1, 2021, provides that production and operation entity must comply with the Work Safety Law and other laws and regulations related to work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardization and informatization of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety. Production and business operation entities shall have the conditions for work safety as specified in this law and relevant laws, regulations, national standards or industrial specifications. Production and business operation entities that do not have such conditions are not allowed to engage in production or operation activities. Breach of the Work Safety Law of the PRC will incur various penalties, according to the specific circumstances.

Laws and Regulations Relating to Product Quality

Pursuant to the Product Quality Law of the PRC (2018 Version), issued and promulgated on February 22, 1993, last amended on and effective December 29, 2018, producers shall be responsible for the quality of their products. Product quality shall satisfy the following requirements: no unreasonable danger to personal safety and the safety of property shall exist; where there are national or industry standards for protection of health, personal safety and the safety of property, such standards shall be complied with. If the products of a producer or seller do not comply with the national or industry standards for protection of health or personal safety or the safety of property, orders shall be issued to cease their production or sale and products that have been illegally produced or sold shall be confiscated. A fine shall be imposed equal to an amount greater than the value of the products that have been illegally produced or sold (hereafter including products already sold and goods not yet sold) but less than three times the value of the products; where there is illegal income, the illegal income shall be confiscated; where the circumstances are serious, the business license shall be revoked; where the case constitutes a crime, criminal liability shall be pursued in accordance with law. If a producer or a seller is found to mix impurities or imitations into products, or to pass fake goods off as genuine ones or shoddy products as good ones or sub-standard products as standard ones, such producer or seller shall be ordered to stop production or selling; the products illegally produced or sold shall be confiscated and a fine not less than 50% of but not more than three times the value of the products illegally produced or sold shall be imposed concurrently; if there are illegal proceeds, such proceeds shall be confiscated concurrently; if the circumstances are serious, the business license shall be revoked; if the case constitutes a crime, criminal liability shall be investigated in accordance with the law.

Pursuant to the PRC Regulations on Administration of Radio Operation, issued on September 11, 1993, last amended on November 11, 2016 and effective December 1, 2016, the manufacture or import of radio transmission devices that are required to obtain approval must meet the provisions of the relevant laws, national standards and relevant regulations of the state authority in charge of radio regulation and comply with the technical standards regarding approved radio transmission devices. The approval number shall be labeled on the devices. The competent authorities for radio regulation may order anyone who violates this regulation by manufacturing or importing radio transmission devices to be sold or used domestically without obtaining the requisite approval to rectify and may impose a fine between RMB50,000 and RMB200,000; for those refusing to rectify, authorities may confiscate the radio transmission devices that have not obtained approval and impose a fine between RMB200,000 and RMB1,000,000.

Pursuant to the Regulation of Telecommunications of the PRC (2016 Version) (issued and effective on February 6, 2016), anyone who violates the provisions of this regulation in lowering product quality or performance after obtaining the telecommunications equipment network access license shall be subject to punishment by the product quality supervision authorities pursuant to the provisions of the relevant laws and administrative regulations.

Laws and Regulations Relating to Industry Standards

The Measures on Administration of Information System Integration and Service Qualification Identification (Interim) is the industrial regulation as recognized by the China Information Technology Industry Federation, targeting information systems integration and service qualification identification. In particular, information system integration qualification is the objective evaluation standard for enterprises engaged in information systems integration and service comprehensive ability and level. According to the Notice on the Management of Computer Information System Integration Industry issued by the MIIT on December 29, 2018 and became effective on the same day, information system integration qualification was expressly cancelled by the State Council in 2014.

The Technical Requirements for Access Network Multi-service Access Platform, or MSAP, is a communications industrial standard on access network multi-service access platform, stipulating MSAP system's requirements in network location and function model. In addition, the Audio/video, Information and Communication Technology Equipment (Part 1) and the Information Technology Equipment, Multimedia Equipment and Receivers—Electromagnetic Compatibility (Part 1), is the national standard of information technology equipment.

The Technical Requirements and Test Methods of Lightning Resistibility for Telecommunications Terminal Equipment is the industry standard for telecommunications equipment.

Laws and Regulations Relating to Other Business Areas

Trade

Pursuant to the Foreign Trade Law of the PRC, issued on May 12, 1994, last amended on December 27, 2025, and effective on March 1, 2026, foreign trade operators engaged in import or export of goods or technologies shall file records with the foreign trade department of the State Council or its authorized agencies, unless otherwise stipulated by the laws, administrative regulations or the foreign trade department of the State Council. Specific measures for record filing shall be stipulated by the foreign trade department of the State Council. PRC Customs shall not process import and export declaration and clearance formalities for foreign trade operators who have not filed records in accordance with the provisions.

Foreign Exchange

Pursuant to the Regulation on Administration of Foreign Exchange of the PRC promulgated by the State Council on January 29, 1996 and last amended on and effective August 5, 2008, other regulations issued by SAFE and other relevant government authorities, Renminbi is freely convertible into other currencies for current account items such as trade related receipts and payments, interest payments and dividends; as for capital account items such as direct investment, loans and portfolio investment, the prior approval of SAFE is required to convert Renminbi into other currencies and transfer the converted currencies out of the PRC. Transactions in the PRC are subject to payment in Renminbi. Pursuant to relevant regulations and laws, after a domestic company gets listed overseas, if any of its domestic shareholders intends to increase or decrease overseas shares, the domestic shareholder shall handle overseas shareholding registration formalities with the local foreign exchange authority within twenty working days prior to the intended share increase or decrease.

Pursuant to the Notice on Administration of Foreign Exchange Involved in Offshore Investment, Financing and Round-Trip Investment Conducted by Domestic Residents Through Special Purpose Vehicles, which was promulgated by SAFE and went into effect on July 4, 2014, prior to making capital contribution in a special purpose vehicle by a PRC resident using its legitimate assets or interests in the PRC or overseas, the PRC resident shall apply to the foreign exchange bureau for completion of foreign exchange registration formalities for overseas investments. A “domestic entity” referred to in this notice shall mean enterprise and institutional legal persons and any other economic organizations established in the PRC pursuant to the law; a “PRC resident individual” shall mean a PRC citizen holding a PRC resident identity document, military personnel identity document or armed police personnel identity document, and any foreign individual who does not hold a PRC identity document but normally resides in the PRC due to economic reasons.

Pursuant to the Notice on Further Simplification and Improvement of Foreign Exchange Administration Policies for Direct Investment, promulgated by SAFE on February 13, 2015 and effective June 1, 2015, two administrative approval matters, including foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, shall be reviewed and processed directly by banks. SAFE and its local bureaus shall implement indirect supervision through the foreign exchange registration with banks for direct investment.

Pursuant to the Notice of SAFE on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Investment Enterprises promulgated on March 30, 2015 and effective June 1, 2015, and the Notice of SAFE on Reforming and Regulating the Policies for Administration of Foreign Exchange Settlement under the Capital Account promulgated on and effective June 9, 2016, and the SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment promulgated on and effective December 4, 2023, the system of voluntary foreign exchange settlement is implemented for the foreign exchange earnings of foreign exchange capital of foreign-invested enterprises. Foreign exchange capital in a foreign-invested enterprise capital account, for which the monetary contribution has been confirmed by SAFE (or for which the monetary contribution has been registered for account entry), may be settled at a bank as required by the actual management needs of the enterprise. The voluntary settlement ratio of foreign-invested enterprise foreign exchange capital projects has been temporarily set at 100%. SAFE may make adjustments to the said ratio at appropriate times based on the status of the international balance of payments. In addition, the capital funds and foreign exchange receipts under the account of foreign debts of a non-financial enterprise and RMB funds obtained from foreign exchange settlement thereof shall be used under the principles of veracity and self-use, and shall not be directly or indirectly used for expenditures prohibited by any law or regulation of the state; unless otherwise expressly prescribed, shall not be directly or indirectly used for investment in securities or other wealth management investment (except for wealth management products with risk ratings of not higher than Grade II and structured deposits); shall not be used for granting loans to non-affiliated enterprises (except that it is explicitly permitted in the business scope or in four regions, namely Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone, Guangzhou Nansha New Area of the China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of the China (Hainan) Pilot Free Trade Zone, and Beilun District of Ningbo City, Zhejiang Province); and shall not be used to purchase residential properties that are not for self-use (except for enterprises engaged in real estate development or lease).

Pursuant to the Notice of the State Administration of Foreign Exchange (SAFE) on Deepening Reform of Cross-border Investment and Financing Foreign Exchange Administration, promulgated and effective on September 12, 2025, SAFE has introduced a package of facilitation measures to streamline the foreign exchange administration of cross-border investment and financing, optimize the use of foreign exchange income under the capital account, and improve the convenience of foreign exchange settlement for overseas individuals purchasing residential properties. Foreign exchange capital in the capital account of a foreign-invested enterprise may be settled at a bank in accordance with the actual operational needs of the enterprise. Meanwhile, the Notice has abolished the previous exceptions to the rule that capital funds and foreign debts shall not be used to grant loans to non-affiliated enterprises, thereby deleting the provision that “such restriction shall not apply where explicitly permitted in the business scope or in the four regions, namely the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone, Guangzhou Nansha New Area of the China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of the China (Hainan) Pilot Free Trade Zone, and Beilun District of Ningbo City, Zhejiang Province”. It has also removed the restriction on purchasing non-self-use residential properties (together with the former exception for enterprises engaged in real estate development or leasing).

Foreign Investment

In March 2019, the Standing Committee of the National People's Congress of the PRC passed the Foreign Investment Law of the People's Republic of China, or the Foreign Investment Law. Among other things, the Foreign Investment Law defines the "foreign investment" as the investment activities in China conducted by foreign individuals, enterprises and other organizations, or the Foreign Investors, in a direct or indirect manner. The PRC governmental authorities will administrate foreign investment by applying the principal of pre-entry national treatment together with a negative list, to be specific, the Foreign Investors are prohibited from making any investments in the fields catalogued into prohibited industries for foreign investment based on the negative list, while they are allowed to make investments in the restricted industries provided that all the requirements and conditions as set forth in the negative list have been satisfied; when the Foreign Investors make investments in the fields other than those included in the negative list, the national treatment principle shall apply.

Pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024), issued by the MOFCOM and the NDRC on September 6, 2024, which came into effect on November 1, 2024, our business does not fall into the negative list and is permitted for foreign investment. However, the 2024 Edition Negative List regulates that "Fields not on the Foreign Investment Access Negative List are administered under the principle of equal treatment to both domestic and foreign investment. The relevant provisions of the Market Access Negative List uniformly apply to domestic and overseas investors."

In addition, based on the Negative List for Market Access (2025), "the Catalogue for Guidance on Industrial Restructuring shall be included in the Negative List for Market Access"; and, according to the Decision of the State Council on Promulgating and Implementing the "Temporary Provisions on Promoting Industrial Structure Adjustment," valid from December 2, 2005, "In principle, the 'Guidance Catalogue for the Industrial Structure Adjustment' shall apply to various types of enterprises inside China." "The industries of the eliminated category under the 'Guidance Catalogue for the Industrial Structure Adjustment' shall apply to the foreign investment enterprises." and "Investments are prohibited from being contributed to projects under the eliminated category." Additionally, pursuant to the Catalogue for Guiding Industry Restructuring (2024 Version), issued by NDRC on December 27, 2023 and which came into effect on February 1, 2024, "Virtual currency mining activities" fell in "Category III Elimination". Therefore, foreign investment enterprises are prohibited from virtual currency activities and our Bitcoin mining business are banned in China as well.

Outbound Investment

Pursuant to the Measures for Administration of Overseas Investment of Enterprises promulgated by the NDRC on December 26, 2017 and effective March 1, 2018, investors shall perform procedures such as overseas investment project approval and filing, report relevant information, and cooperate in supervision and inspections when they conduct overseas investments. Projects subject to approval by the NDRC are sensitive projects developed by investors, either directly or through their control of overseas enterprises. Projects subject to filing are non-sensitive projects directly developed by investors, in which the investors directly invest assets or equities, or provide financing or guarantees.

Pursuant to the Measures for Administration of Overseas Investment Management promulgated on September 6, 2014 and effective October 6, 2014, filing and approval are managed by the MOFCOM and its provincial bureaus in light of the different circumstances of overseas investments of enterprises. Approval is required for enterprises conducting overseas investments involving sensitive countries and regions or sensitive industries. Filing will be administered for enterprises conducting overseas investments in other circumstances.

Laws and Regulations Relating to Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (“**Environmental Protection Law**”) issued on December 26, 1989, amended on April 24, 2014 and effective January 1, 2015, entities that cause environmental pollution and other public nuisances shall adopt effective measures to prevent the pollution of and hazards caused to the environment. Construction projects shall be equipped with constructional environmental protection facilities, which must be simultaneously designed, built and put into operation with the main part of the construction. Enterprises discharging pollutants must report to and register with the relevant authorities in accordance with the provisions of the competent environmental protection authority under the State Council. The competent environmental protection authority shall record unlawful environmental acts of enterprises in the social credit file, and disclose information in a timely manner. Enterprises and other producers and operators unlawfully discharging pollutants shall be fined and ordered to take corrective measures. For those refusing to make corrections, the competent authority may, starting from the day after the date of ordering correction, continuously impose daily fines based on the sum of the original fine. Enterprises and other producers and operators, which discharge pollutants exceeding the pollutant discharge standard or key pollutant gross discharge control thresholds, may be ordered by the competent environmental protection authority above the provincial level to take measures such as restricting production, suspending production and rectification. Serious cases may be reported to and approved by the competent government authority, resulting in orders of suspension or shutdown of operations. In addition, the Eco-Environmental Code of the PRC (“**Eco-Environmental Code**”) was adopted on March 12, 2026 and will take effect on August 15, 2026, which will supersede and repeal the Environmental Protection Law. Pursuant to the Eco-Environmental Code, entities that cause environmental pollution and other public nuisances shall still be required to adopt effective measures to prevent pollution and hazards to the environment.

Pursuant to the Environmental Impact Assessment Law of the PRC issued on October 28, 2002, amended on and effective December 29, 2018, the PRC government implemented an environmental impact evaluation system, which classifies and manages the environmental impact evaluation of construction projects based on the degree of environmental impact caused by construction projects.

Pursuant to the Administrative Regulations on Environmental Protection in Construction Projects promulgated on November 11, 1998 and amended on July 16, 2017, construction projects are classified and environmental impact reports, environmental impact statements or environmental impact registration forms shall be compiled based on the extent of environmental impact of construction projects. For a construction project for which an environmental impact report or environmental impact statement is prepared, its matching environmental protection facilities may go into production or be delivered for use only after they pass the acceptance check; and they may not go into production or be delivered for use if no acceptance check is made for them or they fail to pass the acceptance check. Where a construction project goes into production or is delivered for use without the completion of construction of matching environmental protection facilities required for the construction project, without going through acceptance checks or without passing the acceptance checks in violation of the provisions hereof, or fraud is committed in the acceptance check of the environmental protection facilities, the competent administrative department of environmental protection at or above the county level shall order the construction unit to effect rectification within a specified time limit and impose a fine of more than RMB 200,000 but less than RMB 1 million against it; if it fails to effect rectification within the time limit, a fine of more than RMB 1 million but less than RMB 2 million shall be imposed; the person in charge who is held directly liable and other liable persons shall be subject to a fine of more than RMB 50,000 but less than RMB 200,000; if material environmental pollution or ecological damage is caused, the construction unit will be ordered to stop production or use of the construction project, or be ordered to close down upon approval by the people’s government with the authority of approval.

Laws and Regulations Relating to Taxation

Enterprise Income Tax

Pursuant to the EIT Law promulgated on March 16, 2007, amended on and effective December 29, 2018, and the Regulation on Implementation of the Enterprise Income Tax Law of the PRC, or the EIT Implementation Rules, issued on December 6, 2007, amended on December 6, 2024, and effective on January 20, 2025, EIT shall be applicable at a uniform rate of 25% to all resident or non-resident enterprises. EIT shall be payable by a resident enterprise for income sourced within or outside the PRC. EIT shall be payable by a non-resident enterprise, for income sourced within the PRC by its institutions or premises established in the PRC, and for income sourced outside the PRC for which the institutions or premises established in the PRC have a de facto relationship. Where the non-resident enterprise has no institutions or premises established in the PRC or has income bearing no de facto relationship with the institution or premises established, EIT shall be payable by the non-resident enterprise only for income sourced within the PRC.

Pursuant to the Administrative Measures on the Accreditation of High and New Technology Enterprises accredited high and new technology may make declarations under and benefit from tax concession policies in accordance with relevant regulations including the EIT Law and the EIT Implementation Rules, the Law of the PRC on Administration of Levying and Collection of Taxes and the Regulation of Implementation of the Law of the PRC on Administration of Levying and Collection of Taxes.

Pursuant to the Notice on Enterprise Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries and Announcement on Enterprise Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry, IC production enterprises with an IC production line below 0.8 micrometer (inclusive), after accreditation, shall be entitled to a tax concession period beginning in the profit-making year that is prior to December 31, 2017, for which EIT shall be exempted for the first and second years and be reduced by 50% in the third to fifth years. In addition, IC production enterprises with an IC production line below 0.25 micrometer or an investment of over RMB8 billion, for those with an operation period of over 15 years, the tax concession period shall be deemed to start from the profit-making year prior to December 31, 2017, for which EIT shall be exempted in the first to fifth years and be reduced by 50% in the sixth to tenth years. As for IC design enterprises newly established within the PRC and eligible software enterprises, upon accreditation, the tax concession period shall be deemed to start from the profit-making year prior to December 31, 2017, for which EIT shall be exempted for the first and second years and be reduced by 50% in the third to fifth years.

Value-Added Tax

Pursuant to the Provisional Regulation on Value-Added Tax of the PRC (“VAT Provisional Regulation”) promulgated by the State Council, as amended on November 10, 2008, February 6, 2016 and November 19, 2017 and effective November 19, 2017, and Value-added Tax Law of the PRC, which was promulgated on December 25, 2024 and will become effective and replace VAT Provisional Regulation on January 1, 2026, all entities and individuals in the PRC engaging in the sales of goods, provision of processing services, repairs and replacement services, sales services, intangible assets, real estate and the importation of goods are required to pay value added tax, or VAT. According to VAT Provisional Regulation, taxpayers that sell goods, labor services or tangible personal property leasing services or import goods and do not fall within the scope as specified in Item 2, Item 4 and Item 5 of Article 2 of VAT Provisional Regulation shall be subject to a 17% tax rate; taxpayers that sell transport services, postal services, basic telecommunications services, construction services, or real property leasing services, sell real property, transfer the land use right, or sell or import the goods listed below shall be subject to an 11% tax rate: (1) such agricultural products as grain, edible vegetable oil, and common salt; (2) tap water, heat supply, air-conditioning, hot water, gas, liquefied petroleum gas, natural gas, dimethyl ether, methane and civil-use coal products; (3) books, newspapers, magazines, audio-visual products, and electronic publications; (4) feeds, chemical fertilizers, pesticides, agricultural machineries and mulching films; and (5) other goods specified by the State Council; taxpayers that sell services or intangible assets and do not fall within the scope as specified in Item 1, Item 2 and Item 5 of Article 2 of VAT Provisional Regulation shall be subject to a 6% tax rate.

Pursuant to the Notice on Value-Added Tax Policies of Software Products released by the Ministry of Finance and the SAT on October 13, 2011, a general taxpayer who sells self-developed and self-produced software products, VAT shall be collected at a tax rate of 17% and the refund-upon-collection policy shall be applied to the part VAT in excess of 3% of their actual tax burden.

According to the Circular of the Ministry of Finance and the SAT on Adjusting Value-added Tax Rates promulgated on April 4, 2018, and effective 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 lowered to 16% and 10% respectively.

According to the Circular on Policies to Deepen Value-added Tax Reform promulgated by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019, and effective April 1, 2019, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 16% and 10% tax rates are lowered to 13% and 9% respectively.

According to Announcement of the Ministry of Finance and the State Taxation Administration to Further Step up the Application of End-of-Period Excess Input Value-Added Tax Credit Refund Policies issued by the Ministry of Finance and the SAT on March 21, 2022 and effective on April 1, 2022, starting from the tax filing period of April 2022, an eligible enterprise in the manufacturing and other sectors may apply to the competent tax authority for a refund of its incremental VAT credit amount; starting from the tax filing period of July 2022, an eligible medium-sized enterprise in the manufacturing and other sectors may apply to the competent tax authority for a lump-sum refund of its existing VAT credit amount; and starting from the tax filing period of October 2022, an eligible large enterprise in the manufacturing and other sectors may apply to the competent tax authority for a lump-sum refund of its existing VAT credit amount.

Tax on Dividends

Pursuant to the EIT Law and the EIT Implementation Rules, except as otherwise provided by relevant tax treaties with the PRC government, dividends paid by foreign-invested investment enterprises to foreign investors which are non-resident enterprises and which have not established or operated premises in the PRC, or which have established or operated premises but where their income has no de facto relationship with such establishment or operation of premises shall be subject to a withholding tax of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income entered into between the PRC government and the Hong Kong Special Administrative Region, where the beneficial owner is a company directly holding at least 25% of the equity interest of the company paying the dividends, the tax charged shall not exceed 5% of the distributed dividends. In any other case, the tax charged shall not exceed 10% of the distributed dividends.

Pursuant to the Announcement on Issues Relating to “Beneficial Owner” in Tax Treaties promulgated by the SAT on February 3, 2018 and came effective April 1, 2018, a “beneficial owner” shall mean a person who has ownership and control over the income, and the rights and property from which the income is derived. Upon the determination of the “beneficial owner” status of a resident of the treaty counterparty who needs to enjoy the tax treaty benefits (hereinafter referred to as the “applicant”), a comprehensive analysis shall be conducted taking into account the actual conditions of the specific case. In general, the following factors are unfavorable for the determination of “beneficial owner” status of an applicant: (1) the applicant is obligated to pay 50% or more of the income, within 12 months from its receipt, to a resident of a third country (region), where the term “obligated” includes agreed obligations and de facto payment for which there is no agreed obligation; (2) the business activities undertaken by the applicant do not constitute substantive business activities, where substantive business activities shall include manufacturing, distribution and management activities of a substantive nature, the determination of whether the business activities undertaken by the applicant are of a substantive nature shall be based on the functions actually performed and the risks borne, and investment holding management activities of a substantive nature undertaken by the applicant may constitute substantive business activities (where the applicant undertakes investment holding management activities which do not constitute substantive business activities, and simultaneously undertakes other business activities, if such other business activities are not sufficiently significant, these shall not constitute substantive business activities); (3) the treaty counterparty country (region) does not levy, or exempts tax on the relevant income, or levies tax but with a very low actual tax rate; (4) in addition to the loan contract based on which interest is derived and paid, there exists other loans or deposit contracts between the creditor and the third party, of which factors such as the amount, interest rate and date of execution are similar; and (5) in addition to the transfer contract for rights to use such as copyright, patent, technology, from which the royalties are derived and paid, there exists other transfer contracts for rights to use or ownership in relation to copyright, patent, technology between the applicant and a third party.

Pursuant to the Notice of the SAT on the Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties promulgated by the SAT and effective February 20, 2009, all of the following conditions shall be satisfied before the concession tax rate in a tax treaty can be enjoyed: (1) the tax resident obtaining dividends shall be restricted to the company as provided in the tax treaty; (2) among all the ownership equity interests and voting shares of the PRC resident company, the proportion directly owned by the tax resident complies with the prescribed proportions under the tax treaty; and (3) the proportion of the equity interests of the PRC resident company directly owned by such tax resident complies with, at all times within the twelve months before obtaining the dividends, the proportions specified in the tax treaty.

Pursuant to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers promulgated by the SAT on October 14, 2019 and effective January 1, 2020, entitlement to treaty benefits for non-resident taxpayers shall be handled by means of “self-judgment of eligibility, declaration of entitlement, and retention of relevant materials for future reference”. Where non-resident taxpayers judge by themselves that they meet the conditions for entitlement to treaty benefits, they may obtain such entitlement themselves at the time of making tax declarations, or at the time of making withholding declarations via withholding agents. At the same time, they shall collect, gather and retain relevant materials for future reference in accordance with the provisions of these Measures, and shall accept the follow-up administration of tax authorities. Relevant information proving the status of “beneficial owner” shall be retained in the case of entitlement to dividends, interest and treaty benefits of royalty clauses.

Laws and Regulations Relating to Labor and Social Security

Pursuant to the Labor Law of the PRC promulgated on July 5, 1994 and amended on and effective December 29, 2018, companies must negotiate and enter into employment contracts with their employees based on the principle of fairness. Companies must establish and strengthen an employment hygiene system, strictly implement the national labor safety and health rules and standards, deliver occupational health and safety education to employees, prevent work-related accidents, and reduce occupational hazards. In addition, employers and employees shall purchase social insurances and pay for social insurance fees in compliance with applicable PRC laws.

Labor Contracts

The Labor Contract Law of the PRC, which was promulgated on June 29, 2007 and subsequently amended on December 28, 2012 and effective July 1, 2013, serves as the primary law regulating the labor contract relationship between companies and employees. Pursuant to this law, an employment relationship is established between the employer and the worker since the day of employment. The employer shall execute a written employment contract with the worker. Furthermore, to safeguard the legal rights and interests of workers, the way to calculate compensation for the probation period and for damages shall be subject to the provisions of the law.

Social Security and Housing Provident Fund

As required under the Social Insurance Law of the PRC promulgated on October 28, 2010, and amended on and effective December 29, 2018, the Regulation on Work-Related Injury Insurance promulgated on April 27, 2003, amended on December 20, 2010 and effective January 1, 2011, the Provisional Measures on Insurance for Maternity of Employees promulgated on and effective December 14, 1994 and implemented on January 1, 1995, and the Regulation on Administration of Housing Provident Funds promulgated on April 3, 1994 and last amended on and effective March 24, 2019, employers and employees within the PRC shall pay for social insurance fees and housing provident funds in compliance with applicable PRC laws.

Laws and Regulations Relating to Intellectual Property

Trademarks

Pursuant to the Trademark Law of the PRC promulgated on August 23, 1982, amended on April 23, 2019 and effective November 1, 2019 and the Regulation on Implementation of the Trademark Law of the PRC promulgated on August 3, 2002, amended on April 29, 2014 and effective May 1, 2014, the right to the exclusive use of a registered trademark is limited to the approved trademark registration, and to goods for which the use of the trademark has been approved. The period of validity of registered trademarks lasts for ten years from the day of registration approval. Absent the authorization by the owner of the registered trademark, the use of the registered trademark or a similar trademark on the same category of goods or similar goods constitutes an infringement of the right to exclusive use of the registered trademark. The infringer shall, in accordance with the relevant regulations, cease the infringement activities, take correction actions, and compensate for losses.

Patents

Pursuant to the Patent Law of the PRC promulgated on March 12, 1984, last amended on October 17, 2020 and effective June 1, 2021, and the Rules for the Implementation of the Patent Law of the PRC amended on December 11, 2023 and effective January 20, 2024, after the grant of the patent right for inventions and utility models, except otherwise regulated under the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit such patent, that is to manufacture, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import products directly obtained from such patented process, for production or business purposes. After the patent right is granted for a design, no unit or individual shall, without the authorization of the patent owner, exploit such patent, that is to manufacture, offer to sell, sell, or import any product containing such patented design for production or business purposes. Where infringement has been established, the infringer shall, in accordance with the relevant regulations, be ordered to cease the infringement activities, take corrective actions, and compensate for losses.

Copyrights

Pursuant to the Copyright Law of the PRC promulgated on September 7, 1990, last amended on November 11, 2020, and effective June 1, 2021, works of PRC citizens, legal persons or unincorporated organizations shall, regardless of whether they have been published, be entitled to the copyright pursuant to this law. Works include written works; oral works; musical, dramatic, opera, dance, acrobatic and artistic works; visual arts, architectural works; photographic works; audiovisual works; graphical works and modeling works such as engineering design graphs, product design graphs, maps and schematic diagrams; computer software; and other intellectual achievements that meet the characteristics of works.

Pursuant to the Regulation on Protection of Computer Software promulgated on December 20, 2001, last amended on January 30, 2013 and effective date on March 1, 2013, software copyright is conferred on the software development completion date. The protection period for a software copyright of a legal person or other organizations lasts for 50 years, concluding on the day of December 31 in the 50th year after the initial release of the software. However, in the case where the software has not been released within 50 years from its development completion date, protection shall no longer be offered by these regulations. A software copyright holder may register with competent software registration authority under the State Council Copyright Administrative Department. Registration certification documents issued by the competent software registration authority serve as the prima facie proof of such registration.

IC Layout Designs

Pursuant to the Regulation on the Protection of Integrated Circuit Layout Designs promulgated on April 2, 2001 and implemented on October 1, 2001, and the Protection of Integrated Circuit Layout Designs Regulations Implementing Rules promulgated on September 18, 2001 and effective October 1, 2001, layout design proprietary right holders enjoy the following proprietary rights: to duplicate the whole or any part of the protected layout designs that is original; to make commercial use of the protected layout designs, ICs containing such layout designs, or items containing such ICs.

Regulatory Overview of Australia

We are engaged in Fintech and renewable energy businesses in Australia. Our Fintech businesses are primarily composed of our cryptocurrency exchange and our cross-border payment and foreign exchange. Our renewable energy businesses are primarily composed of solar and battery storage solutions and SaaS data visualization and analytics solutions. The corporate entities engaged in these operations were established and are registered in Australia and have adopted measures to ensure compliance with their regulatory obligations.

Existing regulatory framework on Fintech businesses

While the regulation of foreign exchange and remittance businesses is well-established in Australia, this is still a developing area for digital assets. Nevertheless, digital assets and cryptocurrency exchanges are legal in Australia.

Financial products and services offered in Australia are generally regulated via the placing of obligations on sellers and distributors of financial products. ASIC and AUSTRAC oversee different aspects of the foreign exchange, remittance and digital assets ecosystem of Australia. Currently, there is no clear and comprehensive policy that directly regulates digital assets or Crypto Asset Secondary Service Providers (“CASSP”) in Australia.

The existing regulatory framework for digital assets is comprised of several aspects of Australian laws, including the Corporations Act 2001 (the “Corporations Act”), Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act), and the Competition and Consumer Act 2010.

Digital assets that are a financial product or designated service, are within the scope of the Corporations Act. Digital assets that are not financial products are considered consumer products subject to the Australian Consumer Law administered by the Australian Competition and Consumer Commission (“ACCC”).

Government bodies and laws on foreign exchange and digital assets and exchanges

ASIC and AUSTRAC are the two (2) primary regulators of our Fintech businesses.

ASIC and the Corporations Act and the ASIC Act

ASIC is the government regulator for, among other things, corporations, financial markets, and the financial services industry of Australia, and administers the Corporations Act and the Australian Securities and Investments Commission Act 2001 (“ASIC Act”) as they relate to the industries it supervises. ASIC requires providers to hold an AFSL before engaging in financial services (in relation to financial products) in Australia.

Two of our Fintech businesses hold their own Australian Financial Services Licence (“AFSL”) that authorizes them to, among other things, deal in and provide general financial product advice in relation to products including foreign exchange contracts (e.g. FX forward and options contracts), non-cash payment products (“NCP”), and derivatives.

While there have been no recent changes to the laws governing foreign exchange contracts, NCP products have received some attention in relation to digital assets. An NCP is described as an arrangement through which a party makes payments, or causes payments to be made, other than by the physical delivery of Australian or foreign currency. Examples include stored value cards, electronic cash and direct debit services.

An intermediary that arranges for the issue of an NCP facility may need to hold an AFSL or be an authorized representative of an AFS licensee. However, whether or not a transaction involving a digital asset is an NCP facility depends on the rights and obligations associated with the asset.

According to ASIC’s Information Sheet (“INFO 225”), if the asset provides the holder with a right to use the asset to make a payment, it is likely to be an NCP facility. An arrangement is also likely to be an NCP if, for example, a person offers an arrangement where payments can be made using a crypto asset but fiat currency is sent to recipients.

AFSL

As an AFS Licensee engaged in financial services in Australia, in particular, advising and dealing in foreign exchange contracts and NCP products, we are subject to general obligations under the Corporations Act, including providing financial services efficiently, honestly and fairly; having in place adequate arrangements for the management of conflicts of interest; complying with our licence conditions and financial services laws; having adequate human, financial and technological resources; maintaining a dispute resolution system for retail clients; and ensuring that our representatives are adequately trained and competent. Additionally, we must have adequate risk management systems in place. ASIC requires all AFS Licensees to have their compliance arrangements in relation to these obligations audited on an annual basis.

ASIC regulatory guidance on digital assets

The Australian government is committed to ensuring consumers can buy, sell, and store crypto assets using Australian CASSP, and has introduced legislative reforms to support this commitment.

Based on INFO 225, Australian laws apply where the digital asset is promoted or sold in Australia, including from offshore. As such, the use of offshore or decentralized structures does not obviate the application of Australian laws, and encourages entities to design their products and services in a way that complies with the spirit of the laws in place to safeguard consumers and the integrity of financial markets in Australia.

Furthermore, INFO 225 provides that it is incumbent on issuers to determine whether their crypto asset issuance falls within the definition of a ‘financial product’ under the Corporations Act and therefore requires the holding of an AFS Licence or other ASIC authorization to be obtained. Failure to do so may trigger legal action from ASIC against those issuers without a required AFSL or authorization.

Australia’s financial services regulatory regime is technology neutral. Therefore whether a digital asset is considered a financial product depends on its use, which is principally defined in section 763A of the Corporations Act. Broadly, a financial product is a facility through which a person makes a financial investment, manages a financial risk, or makes non-cash payments.

AUSTRAC and the AML/CTF Act

AUSTRAC is the Australian government agency that performs a dual role as Australia’s AML/CTF regulator and financial intelligence unit. AUSTRAC is responsible for preventing, detecting, and responding to criminal abuse of the financial system to protect the Australian community from serious and organized crime. AUSTRAC also regulates certain business activities in the financial, bullion, gambling, remittance and digital currency exchange service sectors. These business activities are called designated services and have been identified because they pose a risk for money laundering and terrorism financing.

Presently, Australia’s cryptocurrency regulations under the AML/CTF Act, and AML/CTF Rules require digital currency exchanges (“DCE”) to register with AUSTRAC. The regulations require entities acting as exchanges, or providing registrable exchange type services, to identify and verify their users, maintain records, and comply with government AML/CTF reporting obligations.

Our business entities in Australia have been registered as Digital Currency Exchange Providers, or independent remittance dealer with AUSTRAC and comply with the regulatory obligations imposed by AUSTRAC under the AML/CTF Act, including having an AML/CTF Program; identifying the types of money laundering and terrorist financing risks that may be faced by the business and the consequences of non-compliance; reporting on suspicious matters; and keeping records for the prescribed period.

On November 29, 2024, the Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024 (Cth) was passed. This Act introduces significant changes to the current AML/CTF regime, with key changes affecting our business being the imposition of the “Travel Rule” in line with global regulatory trends, the reporting of international value transfers to AUSTRAC, and the expansion of the regime to capture additional high-risk services including lawyers, accountants, and real estate agents. The majority of changes commence on March 31, 2026, with some provisions relating to these new sectors commencing on July 1, 2026. These reforms significantly increase the compliance obligations of our business, including implementing outcomes-focused AML/CTF programs, enhanced customer due diligence requirements, and expanded record-keeping and reporting obligations.

Recent Australian government regulatory objectives for digital assets

The Australian government is committed to ensuring that consumers can engage (buy, sell, and store) crypto assets using Australian CASSP. To this end, the Australian government has now moved beyond consultation and policy design and has progressed the introduction of a bespoke legislative framework to regulate, and oversee digital asset markets through a licensing and conduct regime.

In 2025, the Australian government released a suite of reform initiatives that advance the regulation of digital asset intermediaries. On September 25, 2025, exposure draft legislation was released proposing a new licensing regime for operators of platforms that hold digital assets on behalf of customers. This built on earlier consultation work (such as the Department of the Treasury (“Treasury”) Token Mapping) and reflects evolving policy about how to merge digital assets regulation within the existing financial services regime.

On November 26, 2025, the Australian Parliament introduced the Corporations Amendment (Digital Assets Framework) Bill 2025 (the “Bill”), which would amend the Corporations Act to introduce two new categories of financial products: Digital Asset Platforms (“DAPs”) and Tokenised Custody Platforms (“TCPs”). Under the Bill, operators of these platforms will be required to hold an AFSL and comply with the general obligations that apply to all AFSL holders. These obligations are designed to ensure appropriate standards of conduct, including for custody of digital assets, apply to entities that provide digital asset services to Australian customers.

A DAP is a facility where an operator holds digital tokens, either on its own account or on behalf of customers. TCPs are facilities where an operator identifies and holds non-monetary assets and issues a digital token that represents the holder’s right to redeem or receive the underlying asset. The Bill clarifies that a TCP cannot also be a DAP, reflecting the distinct policy and risk profiles of each.

The Bill introduces key definitions (e.g. “digital token” as an electronic record under factual control), provides for specific treatment of wrapped tokens and custodial staking arrangements, and client money, and makes platform operators expressly accountable for the acts of agents and sub-agents. It also adopts a 6-month transition period from commencement.

ASIC has updated its regulatory guidance, particularly INFO 225, to clarify how existing financial services laws apply to digital assets, confirming that products such as stablecoins, wrapped tokens, tokenized securities and digital asset wallets are, generally, treated as financial products. This updated guidance is intended to provide clarity to participants and investors while the reforms are finalized.

The Australian Taxation Office (“ATO”) and taxation laws on digital assets

While the ATO has provided some guidance on the income tax treatment of digital assets and has adopted some legislative reform with regards to Goods and Services Tax, this has been limited to digital assets ownership in Australia.

The lack of comprehensive binding guidance from the ATO is in part due to digital assets encompassing a broad range of tokens and other “things” with different rights, entitlement and obligations. As such, without a specific digital regime, it is challenging for the ATO to administer the law in a consistent and sensible way.

Board of Taxation review

In March 2022, the Australian Board of Taxation (the “Board”) commenced a review into the appropriate policy framework for the taxation of digital transactions and digital assets, including cryptocurrency and non-fungible tokens. The Board provided its report back to the Australian government in February 2024. While the outcome of the final report is yet to be released to the public, the review’s terms of reference require the Board to, among other matters, consider whether any changes to Australia’s taxation laws and/or their administration are warranted in the context of digital assets and transactions for both for retail and wholesale investors.

The review signals an increasing desire for Australia to be at the forefront of technology and innovation. As the Australian government progresses with the broader digital assets regulatory framework (including the Corporations Amendment (Digital Assets Framework) Bill 2025), the industry continues to await comprehensive tax guidance. In the meantime, the industry is expected to have recourse to the guidelines provided by the ATO and accounting standard setting bodies respectively, for the appropriate tax and accounting processes for these digital assets.

The Australian Sanctions Office (“ASO”)

The following is a brief summary of the sanctions regime imposed by the Australian government. This summary does not intend to set out the laws and regulations relating to Australia’s sanctions regime in their entirety.

ASO is the Australian government’s sanctions regulator which operates under Australia’s Department of Foreign Affairs and Trade. ASO is tasked with, among other things, providing guidance on Australian sanctions laws, and works with other government agencies to monitor compliance with sanctions legislation. Australia adopts both the United Nations Security Council sanctions regimes and the Australian autonomous sanctions regimes as a matter of international law as well as a matter of Australian foreign policy. Penalties for breaching sanctions laws include up to 10 years imprisonment and substantial fines.

Australia extended its autonomous sanctions to Russia in 2022 and 2023. These sanctions measures are aimed at restrictions on exports and commercial activities, including providing and dealing with assets of designated persons or entities, and restrictions on certain imports including arms material, energy products such as oil, and certain luxury goods; and travel bans on designated persons etc. Sanctions Permits may be issued however, subject to certain criteria.

Australia introduced an autonomous sanctions framework in relation to Afghanistan in December 2025 under the Autonomous Sanctions Amendment (Afghanistan) Regulations 2025 (Cth). This framework was developed in response to the ongoing oppression of women and girls, minority groups, and the general population in Afghanistan, and the undermining of good governance or the rule of law, since the Taliban claimed authority over the country in August 2021.

Existing regulatory framework on Renewable Energy businesses

The regulation of renewable energy and smart energy management technologies is well-established in Australia, with various laws and authorities overseeing different aspects of the sector. Redback Technologies, as a provider of solar and battery storage solution, operates within this regulated environment, particularly in relation to energy generation, grid integration, and cybersecurity.

The regulatory framework governing Redback Technologies’ business includes several key laws and regulatory bodies. The Australian Energy Regulator and the Australian Energy Market Operator oversee aspects of electricity markets, while the Clean Energy Regulator administers renewable energy incentives and compliance under the Renewable Energy (Electricity) Act 2000 (Cth), which established the Renewable Energy Target and is the main federal legislation governing the sector. There are also state level authorities, laws, and policies that set targets, tariffs, subsidies, and rules specific to that state’s jurisdiction. Additionally, the Australian Communications and Media Authority regulates wireless communications, which may be relevant for smart energy monitoring systems.

Cybersecurity obligations are increasingly important, with the Security of Critical Infrastructure Act 2018 (Cth) imposing risk management and reporting obligations on entities managing critical infrastructure. While Luceo Australia itself may not be directly classified as critical infrastructure, its products and services may be used by entities subject to these obligations, requiring alignment with industry security standards.

Products and services provided by Redback Technologies must also comply with the Competition and Consumer Act 2010 (Cth), ensuring fair consumer protections and product reliability. Additionally, electrical safety regulations, as governed by state-based electrical regulators, apply to the installation and operation of energy systems.

As the renewable energy sector evolves, regulatory frameworks continue to adapt, particularly with growing emphasis on cybersecurity, consumer protections, and the integration of distributed energy resources into the national grid.

The ACCC

The ACCC is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* which contains the Australian Consumer Law (“ACL”). The ACCC monitors market practices, investigates complaints by and provides guidance to consumers of all areas in our business and can intervene in cases involving misleading and deceptive conduct and defective products. Whilst the activities of our financial services business fall within the ambit of the ACCC’s remit, it is considered a primary regulator of the renewable energy business.

The ACL requires businesses to offer certain guarantees for our products, which must be safe, durable, and free from defects. Any warranties or guarantees must comply with ACL requirements, and consumers of faulty products have the right to a repair, replacement or refund.

As the solar market continues to expand in Australia, our business faces both opportunities and risks. While there is significant growth potential in the renewable energy space, the ACCC’s scrutiny on consumer protection, transparency and product quality is likely to increase.

Clean Energy Council (“CEC”) Standards

The CEC sets industry standards for the installation and operation of solar systems in Australia. Our business must comply with the CEC’s standards, which include ensuring that installers are accredited, systems meet safety and performance benchmarks, and that our products are certified for our batteries and inverters to be legally used in the Australian market and eligible for government incentives and rebates.

Solar Export Tariffs

In 2021, the Australian Energy Market Commission introduced export tariffs, commonly referred to as the “sun tax”, through the Electricity Amendment (Access, Pricing, and Incentive Arrangements for Distributed Energy Resources) Rule 2021 under the National Electricity Rules. This rule was established within the framework of the National Electricity Law. These tariffs took effect in July 2025 and now allow electricity retailers to charge households and businesses for feeding surplus solar power into the grid during peak times. While the policy aims to manage grid congestion, enhance grid stability and encourage more balanced energy distribution, the impact of the sun tax varies across regions, as each state and territory determines its own approach to solar energy regulation.

United States Sanctions Laws and Regulations

Our business activities are subject to U.S. export control and trade and economic sanctions laws and regulations, including the Export Administration Regulations, or EAR, administered by the U.S. Department of Commerce’s Bureau of Industry and Security, or BIS, and the various sanctions programs administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control, or OFAC. Following is a summary of the sanctions regime imposed by the United States. This summary does not intend to set out the laws and regulations relating to the United States sanctions in their entirety.

Trade Controls

Our business activities are subject to various restrictions under U.S. export and similar laws and regulations, as well as various economic and trade sanctions administered by OFAC. Further, various countries regulate the import of certain technology and have enacted or could enact laws that could limit our ability to provide customers with our products in those countries.

Economic sanction laws in the U.S. and other jurisdictions prohibit or otherwise restrict us and our officers, directors, and employees from engaging in transactions in, or relating to, certain countries, territories, individuals, and entities. In the U.S., OFAC, the U.S. Department of State, and the U.S. Department of Commerce administer and enforce laws, executive orders, and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain countries, territories, individuals, and entities. These persons and entities include specially designated nationals and other persons and entities targeted by OFAC sanctions programs. The lists of OFAC-restricted countries, territories, individuals, and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at <https://ofac.treasury.gov/>. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict our business activities in certain countries or territories. The economic sanctions and related laws of different jurisdictions in which we conduct business also may conflict with one another, such that compliance with all applicable laws may be difficult. Failure to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties.

Export Control Regulations

The purpose of the export control regulations is to control exports and re-exports for purposes of national security, foreign policy, short supply, reduction of nuclear proliferation, limitation of chemical or biological warfare, antiterrorism, crime control, enforcement of economic embargoes, compliance with United Nations resolutions and other purposes. These laws apply to both the export of tangible products as well as the export of technology, technical data, software, trade secrets and similar types of information. These programs are administered by various U.S. agencies. Sanctions for violations of these regulations include civil and criminal penalties - criminal sanctions are often imposed on both corporate defendants and officers, directors and employees of the corporation in their personal capacities.

Export Administration Regulations

In the United States, the principal program for the federal regulation of exports is under the U.S. Export Administration Regulations (the "EAR"). The EAR controls the export and re-export of U.S.-origin products and technologies from the United States. The EAR prohibits the export of certain goods, software and technologies identified therein to specific foreign countries or require exporters to obtain export licences for the export of such items. The EAR incorporate the Commerce Control List, a list of approximately 3,000 items, which are subject to export restrictions. Items on the Commerce Control List are prohibited from export to certain destinations unless an export license is issued by the U.S. Department of Commerce. Items on the Commerce Control List include products, software and technology. Examples of products that are subject to export licensing include electronic navigation control systems, computer aided design devices (CAD-CAM), high performance computers, network components (routers, hubs, servers), computerized telecommunications switches and high performance composite materials. The EAR also control the "re-export" of products manufactured in foreign countries which incorporate more than a de minimis amount of U.S. content or which are based on certain U.S. -origin technologies. Finally, the EAR also prohibit the export of any item that will be used in any prohibited end-use.

C. Organizational structure

We are an exempted company incorporated pursuant to the laws of Cayman Islands. We operate and own our assets directly and indirectly through a number of subsidiaries.

Ebang International is a holding company incorporated in Cayman Islands which does not have substantive operations. We conduct our businesses through our subsidiaries. Our principal subsidiaries consist of the following entities (in chronological order based on their dates of incorporation):

- Zhejiang Ebang, our majority-owned subsidiary and an onshore holding company established in the PRC on January 21, 2010, principally for holding our businesses in the research, development, design and manufacture of renewable energy products;
- HK Ebang Communications, formerly known as Hong Kong Bite Co., Ltd., our wholly-owned subsidiary and an operating entity established in Hong Kong on February 12, 2016, principally for the trading of renewable energy products;
- Ebonex Australia, our wholly-owned subsidiary and an operating entity established in Australia on April 22, 2021, principally for operating the cryptocurrency exchange platform Ebonex;
- Ebonfx Australia, formerly known as Compass Global Holdings Pty Ltd, which became our wholly-owned subsidiary in Australia through an acquisition on March 21, 2022, principally for the cross-border payment and foreign exchange business;
- Hangzhou Ebang Hongkun, our wholly-owned subsidiary and an operating entity established in the PRC on August 7, 2024, principally for the research and development of renewable energy and other related technologies;
- Redback Operations, which became our wholly-owned subsidiary in Australia through an acquisition on November 8, 2024, principally for solar and battery storage solutions; and
- Luceo Australia, which became our wholly-owned subsidiary in Australia through an acquisition on November 8, 2024, principally for SaaS data visualization and analytics solutions.

Leased Properties

The total gross floor area (“GFA”) of our leased properties is approximately 4,008.32 square meters (“sq.m.”), out of which, approximately 1,328.32 sq.m. are leased outside of China primarily in Hong Kong, Australia and the United States. These leased properties are used for research and development, sales and other offices. Our lease agreements mainly have a term of one to five years.

Owned Properties

As of December 31, 2025, we owned properties in two locations in China and one location in the United States with a total GFA of approximately 410,074.16 sq.m. The following table sets forth the GFA of all properties owned by us:

| Location | Approximate GFA (sq.m.) |
|---------------------------------------|--|
| Wuhan, Hubei | 390.68 |
| Hangzhou, Zhejiang (Linping District) | 65,700.68 |
| Smith County, Texas | 343,982.80 |
| Total | 410,074.16 |

We believe that we have adequate facilities, through a combination of leased and owned properties, to accommodate our business operations and future expansion plans.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Unless otherwise stated, the discussion and analysis of our financial condition and results of operation in this section apply to our financial information as prepared according to U.S. GAAP. You should read the following discussion and analysis of our financial condition and operating results in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. The following discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information—D. Risk Factors.”

A. Operating results

Overview

With years of manufacturing experience and expertise in blockchain technology and Fintech, we have established ourselves as a key participant in these fields. Leveraging advanced technologies and cutting-edge financial services, our Fintech service platforms have been widely recognized by the market. Striving to diversify our offerings to achieve a more stable financial performance, we expanded into the renewable energy sector in Australia in November 2024, underscoring our commitment to sustainability and long-term growth. In the foreseeable future, we will continue to focus on our renewable energy business and further explore opportunities in related businesses, while proactively adapting to changes in market demand and seizing new development opportunities. Our diversified model enables us to explore synergies across our businesses, driving value for our Company and shareholders.

Key Factors Affecting Our Results of Operations

We believe that the following factors have had, and we expect that they will continue to have, a significant effect on the development of our business, financial condition and results of operations

Market demand

Our Fintech business relies on the rapid growth of the overall Fintech market, which has been driven by technological advancements, consumer preferences, and regulatory changes in recent years. According to Mordor Intelligence, the Fintech market size is estimated at US\$356.73 billion in 2025, and is expected to reach US\$686.85 billion by 2030, at a compound annual growth rate (“CAGR”) of greater than 14% during the forecast period (2025-2030). As market demand hinges on the widespread application of digital technology and the shift towards automation and digitization in the financial services industry, our operational outcomes will significantly hinge on our ability to keep pace with market demands, attract new customers or retain existing ones, and maintain or increase our market share. Our results of operations will also be significantly influenced by the overall development of the Fintech market. Despite the immense growth prospects of the Fintech market, it also faces challenges, such as cybersecurity and data privacy concerns, a complex and fragmented regulatory landscape across different regions, as well as competition from traditional financial institutions undergoing transformation and startups in the industry.

Our renewable energy business and revenue growth depends on the industry demand for renewable energy and renewable energy products. According to Precedence Research, the global renewable energy market size is calculated at US\$1.74 trillion in 2025 and is forecasted to reach around US\$7.28 trillion by 2034, accelerating at a CAGR of 17.23% from 2025 to 2034. Demand for renewable energy and products depends on various factors, including the global macroeconomic environment, pricing, cost-effectiveness, performance and reliability in comparison to alternative forms of energy, and the impact of government regulations and policies. Renewable energy power is one of the fastest-growing sources of energy and is driven by factors such as cost-competitiveness, reliability as a predictable energy source, and growing commitments by various governments to combat climate change.

Performance and cost of our products

The pricing of and demand for our Bitcoin mining machines are closely related to their performance. In general, more advanced process technologies, such as the 7nm and 8nm process technology we designed, can accommodate designs that produce ASICs with higher power efficiency. The introduction of new process and design technologies also enables us to gradually lower the production costs of ASICs with comparable computing power. However, the application of such process technologies also commands high initial setup costs, particularly when the new production techniques first become available, which translates to higher per unit costs. We have successfully and independently completed the design of 6nm ASIC chips and the design of a chip for simultaneous Litecoin and Dogecoin mining in 2021. As of the date of this annual report, we have developed our proprietary 5nm-optimized ASIC chips and optimized mining machines for non-Bitcoin cryptocurrencies such as Litecoin. As a result, our new generation ASICs using the most advanced process technologies will need to achieve strong sales in order to justify the initial setup costs of the new production techniques and maintain our profitability. At the same time, as the most advanced production capabilities of IC foundries ramp up, the initial high unit cost for IC fabrication may also decrease, which will likely translate to lower fabrication costs and a positive effect on our business, results of operations and financial condition.

Pricing

We believe that our Fintech business and result of operations are affected by general pricing factors in the brokerage industry, including economic conditions, broad trends in commerce and finance, price fluctuations in cryptocurrencies, changes in trading volumes, private wealth growth of existing and potential customers, global asset allocation needs, and changes in the regulatory system of the online brokerage industry and the Internet industry. Any adverse changes in these general financial and regulatory conditions may have a negative impact on the demand for our services and have a significant adverse effect on our operating results.

The prices of our renewable energy products are influenced by various factors, including material prices, supply and demand conditions, competitive landscape, and processing technology. The improvements in manufacturing techniques for renewable energy products and economies of scale have continually reduced the unit production costs of renewable energy products in recent years, which in turn have increased the competitiveness of renewable energy on an unsubsidized basis relative to conventional power and other renewable energy.

Number of Customers

We believe that the number of customers is an important indicator of the growth of our business, the market acceptance of our products and services and future revenue trends. Maintaining customers is key to our growth strategy. We tailor-make solutions for our customers to stabilize our existing customer base, and simultaneously introduce suitable products and services in line with the times. We also attract new customers through market advertising, referrals from existing customers, and other means. As a result, our client base is the best addressable market for our new products due to the lower client acquisition cost and a high conversion rate, among other factors.

Competitiveness in research and development

We have strong ASIC chip design capability, expertise and technical reserves, and research and development departments, all of which is key to the success of our blockchain, Fintech and renewable energy products. Our research and development expenses were US\$7.4 million, US\$5.4 million and US\$4.1 million, in 2023, 2024 and 2025, respectively. We are constantly researching and developing mining machine chip design, mining machine overall design, renewable energy product design, while being committed to developing Fintech business based on our strategic development layout. Through unremitting efforts, we have been operating a self-developed proprietary cryptocurrency exchange platform Ebonex. Our exchange is designed to provide users with secure, fast, efficient, and stable trading services in multiple currencies and modes. In order to coordinate the development of our cross-border payment and foreign exchange business, we launched our independently developed platform EbonFX in 2022. We commenced our renewable energy business in 2024, and we will conduct research and development, upgrade software, optimize design, and achieve product iteration of technological innovation based on existing technology. While controlling costs and expenses, we will continue to focus on enhancing our product planning and research and development capabilities to enable us to introduce or improve products that can well address evolving customer needs in a timely manner. As existing competitors may introduce new technologies or provide more competitive offerings and more companies may enter the market to compete with us, competition may intensify in the future and consequently our competitiveness and market share may be affected.

Expansion and diversification of our product and service offerings

Our business performance is influenced by our investment and development of new services and products, as well as our ability to further penetrate our customer base. With years of design capabilities and a strong research and development team, we have independently developed a Fintech platform and launched various products and services. Currently, most of our revenue comes from our Fintech business, so our profitability largely depends on the performance of these businesses.

In November 2024, we established our renewable energy businesses through the acquisition of a company that has been in operations for over 10 years in Australia. Its businesses are primarily composed of solar and battery storage solutions and SaaS data visualization and analytics solutions. We will strive to develop new upstream and downstream products and services based on existing resources to meet and attract more customers, and win a larger market share. Commencement of all new businesses, however, may also incur significant costs and experience a prolonged ramp-up period. If any adverse development in such new businesses arises, our results of operations and prospects may be significantly and negatively affected. We may not be able to develop those new businesses as successfully as contemplated, or at all.

Product and Service mix

We develop, manufacture and sell a range of blockchain, telecommunications and renewable energy products. The sales of blockchain products accounted for 5.5%, nil and nil of our total revenues for 2023, 2024 and 2025, respectively, the sales of telecommunications products accounted for 10.6%, 8.5% and 3.5% of our total revenues for 2023, 2024 and 2025, respectively, and the sales of renewable energy products accounted for 9.7% and 8.6% of our total revenue for 2024 and 2025, respectively, as we have only commenced this business in 2024. The cryptocurrency market has experienced severe fluctuations from bull market peaks to volatile pullbacks during the past few years. The market is affected by multiple factors such as global macroeconomic uncertainty, geopolitical conflicts, and selling by miners and government agencies, exacerbating volatility. Despite this, Bitcoin still recorded a significant increase within 2024; however, investors have more options to participate in diversified product market investments besides mining, which has had a negative impact on our product sale revenue. We adjust our business development direction in real-time based on the constantly changing market environment and opportunities to ensure cost reduction and an improvement on efficiency. Starting 2022, we have ventured into the Fintech field by launching our cryptocurrency currency exchanges and cross-border payment businesses. Due to the advancement of technology and the widespread application of cryptocurrencies, investors' participation in cryptocurrency investment has also shifted, resulting in the growth of our Fintech services business. The revenue from our Fintech service businesses accounted for 75.8%, 61.3% and 48.1% of our total revenue for 2023, 2024 and 2025, respectively. In November 2024, we commenced our renewable energy SaaS data visualization and analytics solution businesses, and for the years ended of 2024 and 2025, the revenue from renewable energy SaaS data visualization and analytics solution businesses accounted for 3.1% and 17.6% of our total revenue for 2024 and 2025, respectively.

Overseas Expansion

Since our listing on the Nasdaq Global Select Market, we have established our subsidiaries primarily in Australia, Hong Kong and the United States to expand overseas businesses. As of the date of this annual report, we have been operating a self-developed proprietary cryptocurrency exchange platform, Ebonex, and a self-developed proprietary cross-border payment and foreign exchange platform, EbonFX, targeting qualified investors subject to compliance with applicable laws in the jurisdictions in which we operate, and have commenced our renewable energy business through the acquisition of Redback Technologies in Australia. We have also received registration approval from AUSTRAC as a digital currency exchange provider, which allows us to provide cryptocurrency exchange services in Australia; acquired a company with an AFSL and received an AFSL through another subsidiary for engaging in financial services in Australia; received registration approval as an independent remittance dealer on the AUSTRAC Remittance Sector Register, which allows us to provide remittance services in Australia; received the TCSP licence and registration approval as a Trust Company from the Company Registry in Hong Kong, which allows us to carry on a trust or company service business; received the MSO licence from the Customs and Excise Department in Hong Kong, which allows us to operate money changing and remittance services; and received the Type 4 and 9 licences from the Securities and Futures Commission in Hong Kong, which allows us to carry on advising on securities and asset management service. We are also in the process of obtaining additional relevant licence and approval for our subsidiary in Australia and we are at an initial preparatory stage of the electrical power equipment and component manufacturing and new material manufacturing in suitable regions. If and once obtained, the licence will allow us to operate renewable energy related businesses in Australia. Meanwhile, we are focused on application development, regulatory compliance and talent recruitment to ramp up execution of our new business plans for the expansion in these countries. We expect such ramp-up will support our future operations and our compliance with local rules and regulations. Our expenses to date to implement our new business plans, including establishing in Australia, Hong Kong and the United States, have been mainly on server rentals, application development, regulatory compliance, talent acquisition and offices rentals to set up blockchain, Fintech, renewable energy, electrical power equipment and component manufacturing and new material manufacturing businesses in the abovementioned countries and regions. There is no guarantee that we will receive any additional required approvals and licenses for our proposed business in these jurisdictions in a timely manner or on commercially reasonable terms, or at all, or that we will commence the proposed business as planned, or at all. If our operations at these jurisdictions or our execution of business plan proves incorrect, we may incur additional expenses or losses.

Any restrictions imposed by a foreign government could force us to restructure operations, perhaps significantly, which could result in significant costs and inefficiencies that harm our profitability, or even cause us to cease operations in the applicable jurisdiction. Fintech is an evolving sector and the regulatory schemes to which Fintech businesses may be subject in certain foreign jurisdictions may continue to develop. Accordingly, Fintech may face a degree of regulatory uncertainty in some markets. Various foreign jurisdictions may from time to time adopt laws, regulations or directives that affect our Fintech-related activities. Due in part to its international nature and the evolving stage of regulation, information regarding the regulation of Fintech in various jurisdictions may be limited. As the regulatory landscape continues to develop, market understanding of Fintech and the regulation thereof may also evolve. Similarly, the renewable energy business faces evolving regulations and dependent on government incentives (e.g., subsidies, tax credits). The regulatory environment for renewable energy is subject to constant change and varies widely across jurisdictions. Governments may introduce new policies, regulations, or incentives that could either support or hinder the development and operation of renewable energy business. These changes could materially impact the financial viability and profitability of our renewable energy business. Additionally, the sector is highly dependent on technological advancements and natural resources such as sunlight. Fluctuations in these resources or the emergence of new technologies could affect the efficiency and cost-effectiveness of our renewable energy businesses. The renewable energy market is also becoming increasingly competitive, which could lead to downward pressure on prices and margins. As we enter into the markets in Australia, Hong Kong and the United States, we expect to continue to monitor the local regulations regarding our businesses, retain local regulatory counsel, and will also actively explore new business opportunities.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—The current regulatory environment in foreign markets, and any adverse changes in those environments, could have material adverse impacts on our businesses,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—If we are unable to manage our growth or execute our strategies effectively, our business, results of operations and financial condition may be materially and adversely affected,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We may not successfully develop, market or launch any future Fintech businesses or continue operating our existing Fintech businesses,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Each of our subsidiaries in Australia, Hong Kong, the United States and other overseas jurisdictions have a limited operating history, which makes it hard for us to evaluate their abilities to generate revenue through operations, and to date, some of them has not generated material revenue from any commercially available blockchain products, Fintech services, or renewable energy products,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We face risks associated with the expansion of our business operations globally and if we are unable to effectively manage such risks, our business growth and profitability may be negatively affected,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business— The businesses that we are pursuing through certain of our subsidiaries’ initiatives are novel and subject to technical, operational, financial, regulatory, legal, reputational and marketing risks and we cannot assure you that such acquisitions or strategic alliances may be successfully implemented,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We require various approvals, licenses, permits and certifications to operate our business. If we fail to obtain or renew any of these approvals, licenses, permits or certifications, it could materially and adversely affect our business and results of operations” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We face intense industry competition” for details of the associated risks.

Key Components of Results of Operations

Revenues

We generate revenues mainly from the Fintech businesses, sales of renewable energy products, telecommunication products and provision of SaaS data visualization and analytics solutions and rental services.

The following table sets forth the breakdown of our revenues by category, both in absolute amount and as a percentage of total revenues for each category for the periods indicated:

| | Years Ended December 31, | | | | | |
|--|------------------------------------|------------|--------------|------------|--------------|------------|
| | 2023 | | 2024 | | 2025 | |
| | US\$ | % | US\$ | % | US\$ | % |
| | (in thousands, except percentages) | | | | | |
| Service – Cryptocurrency exchange services | 1,044 | 21.5 | 1,291 | 22 | 1,142 | 17.5 |
| Service – Cross-border payment and foreign exchange services | 2,637 | 54.3 | 2,307 | 39.3 | 1,998 | 30.6 |
| Service – Rental services | - | - | 718 | 12.2 | 1,165 | 17.8 |
| Service revenue - SaaS data visualization and analytic solution | - | - | 183 | 3.1 | 1,148 | 17.6 |
| Product sales – Solar and battery storage products and related accessories | - | - | 571 | 9.7 | 565 | 8.6 |
| Product sales – Telecommunications products | 516 | 10.6 | 501 | 8.5 | 228 | 3.5 |
| Product sales – Bitcoin mining machines and related accessories | 266 | 5.5 | - | - | - | - |
| Others ⁽¹⁾ | 392 | 8.1 | 298 | 5.2 | 291 | 4.4 |
| Total | 4,855 | 100 | 5,869 | 100 | 6,537 | 100 |

(1) Other revenues mainly include revenue from our management and maintenance services.

We have historically generated a significant portion of our revenues from sales in China. However, with the layout of our overseas development strategy, after launching our Fintech business and entering the renewable energy industry through an acquisition, our overseas market share increased significantly in 2023 and 2024, and continued to maintain at a high level in 2025, accounting for 75.8%, 74.2% and 75.9% of all revenue in 2023, 2024 and 2025, respectively. The following table sets forth the breakdown of our revenues by geographical location of our customers, both in absolute amount and as a percentage of total revenue, for the periods indicated:

| | Years Ended December 31, | | | | | |
|----------------|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2023 | | 2024 | | 2025 | |
| | US\$ | % | US\$ | % | US\$ | % |
| | (in thousands, except percentages) | | | | | |
| Mainland China | 1,174 | 24.2 | 1,516 | 25.8 | 1,577 | 24.1 |
| Australia | 3,681 | 75.8 | 4,353 | 74.2 | 4,960 | 75.9 |
| Total | 4,855 | 100.0 | 5,869 | 100.0 | 6,537 | 100.0 |

Service - Cryptocurrency exchange services

Revenues from our cryptocurrency exchange services for 2023, 2024 and 2025 were mainly generated from facilitating the customers' transactions via our proprietary exchange platform or through an offline, OTC transaction facilitation process.

Cryptocurrency transactions were matched on our proprietary exchange platform when a customer publishes an offer to buy, sell or convert cryptocurrencies, and another customer accepts and settles that offer. We charge a service fee in fiat currency or cryptocurrencies at the transaction level in amount calculated based on volume, which varies depending on the payment type and the value of the transaction. We also provide cryptocurrency exchange services through our OTC execution by acting as an agent and providing transaction matching to the customers' offers through the utilization of liquidity providers. In the case when a customer raises the need to buy cryptocurrencies, we will help the customer search for a matching need to sell the same quantity of cryptocurrencies from a liquidity provider. When we find such a liquidity provider, we ask for the selling rate, then apply a margin to the rate and offer to the customer. If the customer agrees to the rate, we facilitate the transaction. Revenue generated from the matching transaction through OTC facilitation is generated from the margin resulting from the rate set by the liquidity provider and the transaction price is charged and collected in fiat currency. Our revenue from cryptocurrency exchange services is affected by the activity of the market and investors' participation in investment. In 2024, the cryptocurrency market experienced a volatile pullback from a bull market peak, reaching a historic high within the year. The market is affected by multiple factors such as global macroeconomic uncertainty, geopolitical conflicts, and selling by miners and government agencies, exacerbating volatility. Despite this, Bitcoin still recorded a significant increase within 2024. Due to the advancement of technology and the widespread application of cryptocurrencies, investors' participation in cryptocurrency investment has also shifted, resulting in the growth of our cryptocurrency exchange services business for the year 2024. In 2025, amid tightened global liquidity, intensified regulatory scrutiny, and reduced investor risk appetite, our cryptocurrency exchange services business experienced lower trading activity compared to 2024. Affected by the industry's structural shift toward institutionalization and compliance, our cryptocurrency exchange services business recorded weaker performance year-on-year. Looking ahead, we will launch diversified products in line with market changes on a compliance-first basis to meet the needs of various clients.

Service - Cross-border payment and foreign exchange services

Revenue from our cross-border payment and foreign exchange services include service transaction fee charges when we provide customers with the payment and exchange service.

In order to coordinate the development of our global payment business, we launched our independently developed cross-border payment and foreign exchange platform EbonFX to provide qualified customers with cross-border payment and foreign exchange services. For the majority of the cross-border payment and foreign exchange services, customers shall agree to the terms and conditions for all transactions, either at the time of initiating a transaction or signing a contract with us to provide payment services on the customer's behalf. Revenue is measured as the difference between the exchange rate set by the Company to the customer and a rate available in the wholesale foreign exchange market. In 2025, the global foreign exchange market was highly volatile, with the US Dollar Index fluctuating by 15.3% throughout the year, and sharp exchange rate movements in the Euro, British Pound Sterling and emerging market currencies. Affected by these factors, the trading volume and exchange rate margin of the Company's cross-border payment and foreign exchange business EbonFX narrowed. Coupled with reduced transaction frequency as customers became cautious amid exchange rate uncertainty, the overall trading volume of the platform shrank, resulting in a decline in the performance of this business compared with 2024.

Service – SaaS data visualization and analytics solutions

Revenues from our SaaS data visualization and analytics solutions include service fees for the provision of advanced data collection and analytics services provided to customers.

To meet the growing demand for visualization, analysis, and reporting of Scope 2 emissions in the ESG market, we have developed an innovative and proprietary SaaS platform for monitoring energy and power quality. This platform can utilize data from external sources or our own dedicated smart meters for analysis to detect degraded neutral circuits and prevent life-threatening faults. For advanced data collection and analytics services, customers agree to the terms and conditions of all transactions when signing a service contract with us, and revenue is measured according to contract agreements. Given that we acquired this service through an acquisition in November 2024, it did not generate material revenue during the reporting period. In 2025, the business achieved steady development and recorded growth compared with the non-full-year performance in 2024. The Company recognized the revenue over time since the value is continuously transferred throughout the service period.

Service revenue - Rental services

Revenues from our rental and property management services include rental income and other related management service we provided. For rental and property management services, customers agree to the terms and conditions of all transactions when signing a service contract with us. According to the contract agreement, we send invoices periodically based on contract terms and receive payments within the payment period as agreed in the contract. Service revenue is recognized monthly over its contract period.

Product Sales – Solar and battery storage products and related accessories

Revenues from our solar and battery storage products primarily comprise sales of inverters, batteries and related parts and accessories. Generally, revenues from sales of our renewable energy products and related accessories are primarily affected by the number of products sold, their average selling price, and sales and marketing efforts from time to time. Changes in the mix of our renewable energy products sold could also affect the gross profit margin in our renewable energy business.

Product Sales – Telecommunication products

Revenues from our telecommunications business primarily comprise sales of fiber-optic communication access devices and enterprise convergent communication terminals. We also produce and sell a small portion of related parts and accessories. Sales of our telecommunications products are primarily driven by the demand from the major telecommunications service providers in China as end users. Sales of telecommunications products could also be affected by any adjustment of our business focus and sales and marketing efforts from time to time. Changes in the mix of our telecommunications products sold could also affect the gross profit margin in the telecommunications business.

Product Sales – Bitcoin mining machines and related accessories

Revenues from sales of blockchain products primarily comprises sales of Bitcoin mining machines and accessories. Generally, revenues from sales of our Bitcoin mining machines and related accessories are primary affected by the number of Bitcoin mining machines sold and their average selling price.

The selling price of our Bitcoin mining machines changes from period to period and is primarily affected by the Bitcoin price and expected economic returns on Bitcoin mining activities, and the performance of the mining machines.

The Bitcoin price and expected economic returns on Bitcoin mining activities could significantly affect the demand of mining machines and in turn the average selling price of Bitcoin mining machines. Particularly, a significant fluctuation in Bitcoin price in a short period of time could significantly reverse the trend of average selling price of Bitcoin mining machines in certain periods of time. In 2023, the collapse of U.S. cryptocurrency banks and fraud incidents on some trading platforms negatively impacted investor participation, hurting Bitcoin mining machine prices and demand. The Company's revenue that year relied mainly on mining machine accessories sales, with its core complete machine business already shrinking. In 2024, the cryptocurrency market pulled back from its bull market peak; despite Bitcoin's significant annual gain, macroeconomic uncertainty, geopolitical conflicts and shifting investor behavior reduced demand for the Company's mining machines. In 2025, tightened global liquidity, stricter regulation, industry institutionalization and technological iteration prevented the recovery of the Company's mining machine and accessories sales, seriously affecting its sales in 2025.

Cost of Revenues

Cost of cryptocurrency exchange, the cross-border payment and foreign exchange services, and SaaS data visualization and analytics solutions primarily consists of commission paid to direct sales staff, third party services, and amortization of software.

Cost of revenues for our solar and battery storage products, mining machines and telecommunications products represents costs and expenses directly attributable to the manufacture of our products sold and delivered, which primarily comprises of costs of (1) materials, components and parts; (2) production overhead, including mainly packaging and testing costs, subcontracting cost, amortization and depreciation of intangible assets, production equipment and utilities; and (3) direct labor, including cost to our production staff and outsourced production workers, (4) outsourcing production costs.

Cost of rental service primarily consists depreciation expenses.

The following table sets forth the breakdown of our cost of revenues by category, both in absolute amount and as a percentage of the cost of revenues, for the periods indicated:

| | Years Ended December 31, | | | | | |
|--|------------------------------------|------------|--------------|------------|--------------|------------|
| | 2023 | | 2024 | | 2025 | |
| | US\$ | % | US\$ | % | US\$ | % |
| | (in thousands, except percentages) | | | | | |
| Service - Cryptocurrency exchange services | 741 | 3.4 | 668 | 14.3 | 287 | 4.7 |
| Service - Cross-border payment and foreign exchange services | 1,886 | 8.8 | 1,642 | 35.1 | 1,455 | 23.7 |
| Service – Rental services | - | - | 456 | 9.7 | 2,323 | 37.8 |
| Service revenue - SaaS data visualization and analytic solution | - | - | 110 | 2.4 | 825 | 13.4 |
| Product sales - Solar and battery storage products and related accessories | - | - | 431 | 9.2 | 410 | 6.7 |
| Product sales - Telecommunications | 1,347 | 6.2 | 933 | 19.9 | 291 | 4.7 |
| Product sales - Bitcoin mining machines and related accessories | 17,004 | 78.9 | - | - | - | - |
| Others | 581 | 2.7 | 439 | 9.4 | 551 | 9.0 |
| Total | 21,559 | 100 | 4,679 | 100 | 6,142 | 100 |

Gross Profit/Loss

Our gross profit and gross profit margin of cryptocurrency exchange services, the cross-border payment and foreign exchange services, SaaS data visualization and analytics solutions, and rental services are primarily affected by the market price of the third-party service provider, amount of fixed direct labor cost and percentage of commissions that we paid to sales employees.

Our gross profit/loss and gross profit/loss margin of sales of solar and battery storage products and related accessories and telecommunication products are primarily affected by the market price of the product and our cost of revenues.

Our gross profit/loss and gross profit/loss margin of rental services are primarily affected by the average market price of the office space and our cost of revenues, as well as the impairment of VAT recoverable.

Historically, our operations were partially related to Bitcoin mining machine sales, whose performance was subject to fluctuations in the cryptocurrency market and regulatory environment. In recent years, against the backdrop of ongoing market volatility, stricter regulation and changing investor preferences in the crypto space, the Group has proactively adjusted its development strategy to shift focus to Fintech and renewable energy. This strategic transformation has been a key initiative to optimize the Group's business structure and enhance long-term development resilience, and as a direct result, the composition of the Group's revenue has undergone a significant change, moving away from its previous relied business segment towards more sustainable and growth-driven sectors.

The following table sets forth our gross profit/loss by category for the periods indicated:

| | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|--|-----------------------|--------------|-------------|
| | <u>US\$</u> | <u>US\$</u> | <u>US\$</u> |
| | (in thousands) | | |
| Service - Cryptocurrency exchange services | 303 | 623 | 855 |
| Service - Cross-border payment and foreign exchange services | 751 | 665 | 543 |
| Service – Rental services | - | 262 | (1,158) |
| Service revenue - SaaS data visualization and analytic solution | - | 73 | 323 |
| Product sales - Solar and battery storage products and related accessories | - | 140 | 155 |
| Product sales - Telecommunications | (831) | (432) | (63) |
| Product sales - Bitcoin mining machines and related accessories | (16,738) | - | - |
| Others | (189) | (141) | (260) |
| Total | (16,704) | 1,190 | 395 |

Operating Expenses

The following table sets forth our operating expenses, both in absolute amount and as a percentage of the total operating expenses, for the periods indicated:

| | Years Ended December 31, | | | | | |
|--|---|--------------|---------------|--------------|---------------|--------------|
| | 2023 | | 2024 | | 2025 | |
| | US\$ | % | US\$ | % | US\$ | % |
| | (in thousands, except percentages) | | | | | |
| Selling expenses | 1,894 | 5.1 | 1,107 | 3.5 | 537 | 2.1 |
| General and administrative expenses ⁽¹⁾ | 29,041 | 78.6 | 30,456 | 96.5 | 22,734 | 88.5 |
| Impairment of intangible assets | 3,708 | 10.0 | - | - | 1,097 | 4.3 |
| Impairment of goodwill | 2,300 | 6.3 | - | - | 1,327 | 5.2 |
| Total operating expenses | 36,943 | 100.0 | 31,563 | 100.0 | 25,695 | 100.0 |

(1) Includes research and development expenses and other general and administrative expenses. See “Item 5. Operating and financial review and prospects — Key Components of Results of Operations—Operating Expenses—General and Administrative Expenses” for details.

Selling expenses

Selling expenses include (1) sales service costs incurred from provision of customer services; (2) traveling costs of our sales and marketing staff and transportation costs for delivery of blockchain and telecommunications products; (3) salaries and benefits of our sales and marketing staff; and (4) other costs, such as conference costs and lease payments for our sales offices.

General and administrative expenses

General and administrative expenses primarily include research and development expenses and administrative expenses. Administrative expenses include primarily (1) professional fees, mainly legal service fees and consultant service fees for the provision of financing and listing related services to us; (2) salaries and benefits of our management, finance, operations and other staff and outsourced administrative staff; (3) other miscellaneous administrative expenses, such as bad debt expense, entertainment expense, utilities, and rental and office expenses; and (4) depreciation expense of property, plant and equipment, and amortization expense.

Research and development expenses primarily include (1) expenses incurred in the research and development, functional development and technical optimization of Fintech-related software systems; (2) expenses incurred in the development, system upgrading and iterative optimization of renewable energy products and accessories related software; and (3) salaries and benefits of our research and development staff;

Impairment of intangible assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We assess the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognizes an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from the disposition of the asset, if any, are less than the carrying value of the asset. We have recorded impairment of intangible assets of US\$1.1 million, nil and US\$3.7 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Impairment of goodwill

Goodwill, arising from business combination, is reviewed for impairment annually. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. We have recorded impairment of goodwill of US\$1.3 million, nil and US\$2.3million for the years ended December 31, 2025, 2024 and 2023, respectively.

Taxation

Cayman Islands

Under the current laws of the Cayman Islands, Ebang International is not subject to tax on income or capital gain. Additionally, upon payment of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Our subsidiaries incorporated in the British Virgin Islands, primarily Orient Plus International Limited, Power Ebang Limited, Tower Lead Limited, Summit King Limited, Ebang Communication Limited, Ebonex International Limited, Leader Forever Holdings Limited and Yibang Advanced Limited are incorporated in the BVI and under the current laws of the British Virgin Islands, are not subject to tax on income or capital gain. In addition, payments of dividend by these subsidiaries to their shareholders are not subject to withholding tax in the BVI.

Australia

Our subsidiaries incorporated in Australia are subject to Australian Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Australia tax laws. The Australian Income Tax had significant changes progressively since June 30, 2017. From July 1, 2022, companies that are base rate entities must apply the 25% company tax rate. A company is a base rate entity for an income year if (1) the company's aggregated turnover for that income year is less than AUD50 million of that income year, and (2) it has 80% or less of their assessable income in that income year that is base rate entity passive income. Thus the applicable tax rate is 25% for the Company on assessable profits arising in or derived from Australia.

Hong Kong

Our subsidiaries incorporated in Hong Kong, primarily HK Ebang Communications, HongKong Ebang Technology Co., Limited (“HK Ebang Technology”), HongKong Ebang Information Co., Limited (“HK Ebang Information”), HK Ebang Digital, Ebang Digital Asset Management Limited (“Ebang Digital Asset Management”), Ebang Digital Asset Custody Limited (“Ebang Digital Asset Custody”), Ebang Trust, Hong Kong Yixing Universal Co., Limited, Ebang Financial Services Limited (“Ebang Financial Services”), Yibang Holdings (Hong Kong) Limited and Yibang Advanced Technology (Hong Kong) Limited are incorporated in Hong Kong and are subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 8.25% on assessable profits arising in or derived from Hong Kong up to HKD2,000,000 and 16.5% on any part of assessable profits over HKD2,000,000.

PRC

The Company’s subsidiaries incorporated in the PRC are governed by the income tax laws of the PRC and the income tax provision in respect to operations in the PRC is calculated at the applicable tax rates on the taxable income for the periods based on existing legislation, interpretations and practices in respect thereof. Under the Enterprise Income Tax Laws of the PRC (the “EIT Laws”), domestic enterprises and Foreign Investment Enterprises (the “FIE”) are usually subject to a unified 25% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on case-by-case basis. EIT grants preferential tax treatment to certain High and New Technology Enterprises (“HNTEs”). Under this preferential tax treatment, HNTEs are entitled to an income tax rate of 15%, subject to a requirement that they re-apply for HNTE status every three years. For the year ended December 31, 2025 and 2024, Redback Hangzhou was qualified as HNTE and entitled to a preferential income tax rate of 15%. For the years ended December 31, 2025, 2024 and 2023, Zhejiang Ebang was qualified as HNTE and entitled to a preferential income tax rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2020, which was subsequently announced in March 2021 to be further extended to December 31, 2023. In September 2022, the State Taxation Administration of the PRC further announced that for the enterprises entitled to the current pre-tax deduction ratio of 175% for research and development expenses, such ratio is raised to 200% during the period from October 1, 2022 to December 31, 2022. In March 2023, the State Taxation Administration of the PRC announced that for research and development expenses incurred by enterprises during R&D activities, if such expenses are not capitalized as intangible assets but expensed in the current period, an additional pre-tax deduction equivalent to 100% of the actual amount incurred shall be granted starting from January 1, 2023, in addition to the actual deduction as stipulated. For expenses capitalized as intangible assets, 200% of the cost of the intangible assets shall be amortized pre-tax starting from January 1, 2023.

We were subject to VAT at a rate of 17% for the period from beginning of 2018 until end of April 2018, of 16% from May 2018 to the end of March 2019, and of 13% since April 2019 on the gross sales price of our products, less any deductible VAT we have already paid or borne. Entities that are VAT general taxpayers may offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded as VAT payable if output VAT is larger than input VAT, and is recorded as VAT recoverable if input VAT is larger than output VAT. All the VAT returns filed by our subsidiaries in China, have been and remain subject to examination by the tax authorities. Zhejiang Ebang and Ebang IT are qualified as enterprises of selling self-developed software products and enjoying a tax refund for the excess of 3% of their actual tax burden after the VAT is levied at the 17% or 16% or 13% tax rate since January 2011.

Dividends paid by our wholly foreign-owned subsidiaries in China to our intermediary holding companies in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entities satisfy all the requirements under the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the relevant tax authority, in which case the dividends paid to the Hong Kong subsidiaries would be subject to withholding tax at the preferential rate of 5%. Effective from November 1, 2015, the above-mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the relevant tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the relevant tax authority.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a “resident enterprise” under the EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. If the PRC tax authorities determine that our Cayman Islands holding company is a “resident enterprise” for PRC EIT purposes, a number of unfavorable PRC tax consequences could follow. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Conducting Business in China —We may be subject to EIT on our worldwide income if our company or any of our subsidiaries were considered a PRC “resident enterprise” under the PRC Enterprise Income Tax Law (the “EIT Law”).”

Results of Operations

The following table sets forth our selected consolidated profit or loss data in absolute amount, for the periods indicated. This information should be read together with our audited consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

| | Years Ended December 31, | | |
|--|--------------------------|-----------------|-----------------|
| | 2023 | 2024 | 2025 |
| | US\$ | US\$ | US\$ |
| | (in thousands) | | |
| Revenues | 4,855 | 5,869 | 6,537 |
| Service - Cryptocurrency exchange services | 1,044 | 1,291 | 1,142 |
| Service - Cross-border payment and foreign exchange services | 2,637 | 2,307 | 1,998 |
| Service revenue - SaaS data visualization and analytic solution | - | 183 | 1,148 |
| Product sales - Solar and battery storage products and related accessories | - | 571 | 565 |
| Product sale - Telecommunications products | 516 | 501 | 228 |
| Product sale - Bitcoin mining machines and related accessories | 266 | - | - |
| Service- Rental Income | - | 718 | 1,165 |
| Others | 392 | 298 | 291 |
| Cost of revenues | (21,559) | (4,679) | (6,142) |
| Gross profit (loss) | (16,704) | 1,190 | 395 |
| Operating expenses: | | | |
| Selling expenses | 1,894 | 1,107 | 537 |
| General and administrative expenses | 29,041 | 30,456 | 22,734 |
| Impairment of intangible assets | 3,708 | - | 1,097 |
| Impairment of goodwill | 2,300 | - | 1,327 |
| Total operating expenses | 36,943 | 31,563 | 25,695 |
| Gain on disposal of subsidiaries | 8 | - | - |
| Loss from operations | (53,639) | (30,373) | (25,300) |
| Other income (expenses): | | | |
| Interest income | 11,941 | 11,372 | 8,513 |
| Other income | 1,131 | 328 | 168 |
| Gain (loss) gain from investment | 357 | 383 | (508) |
| Net gain (loss) on disposal of cryptocurrencies | 745 | (375) | - |
| Exchange gain (loss) | 457 | (2,170) | 3,079 |
| Government grants | 63 | 52 | 39 |
| Other expenses | (120) | (126) | (477) |
| Total other income | 14,574 | 9,464 | 10,814 |
| Loss before income taxes benefit | (39,065) | (20,909) | (14,486) |
| Income taxes benefit | (1,031) | (43) | (321) |
| Net loss | (38,034) | (20,866) | (14,165) |
| Less: net loss attributable to non-controlling interest | (1,261) | (615) | (72) |
| Net loss attributable to Ebang International Holdings Inc. | (36,773) | (20,251) | (14,093) |

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenues. Our revenues increased by 11.4% to US\$6.5 million in 2025, from US\$5.9 million in 2024 primarily due to the combined impact of: (1) the newly acquisition of the renewable energy business in November 2024, which led to the increase of renewable energy products revenue, and (2) the renting of idle office space, which has generated rental revenue during the year and promoted revenue growth. Other than the above, all other businesses have been relatively stable.

Cost of revenues. Our cost of revenues increased by 31.3% to US\$6.1 million in 2025, from US\$4.7 million in 2024, which is primarily due to the increase of revenue and VAT recoverable impairment of US\$1.7 million, which was recognized in cost of revenue in 2025, as it is expected that VAT will not be recovered in the foreseeable future. In a market with both opportunities and risks, we constantly adjust our development strategy, allocate resources, and control costs and expenses based on changes in the market condition, in order to avoid unnecessary expenses.

Gross profit. As a result of the foregoing, we recorded a gross profit of US\$0.4 million in 2025, compared to a gross profit US\$1.2 million in 2024.

Operating expenses. Our total operating expenses decreased by 18.6% to US\$25.7 million in 2025, from US\$31.6 million in 2024, primarily due to the combined impact of the decrease in selling expenses and general and administrative expenses, and increase in impairments.

- *Selling expenses.* Our selling expenses decreased by 51.5% to US\$0.5 million in 2025, from US\$1.1 million in 2024, mainly due to the continuous decrease in sales staff salaries, which is also the result of the Company continuously adjusting its strategic policies according to changes in the market situation, while reducing costs and increasing efficiency.
- *General and administrative expenses.* Our general and administrative expenses decreased by 25.4% to US\$22.7 million in 2025, from US\$30.5 million in 2024, primarily due to decreases in payroll expenses, office rental expenses, and the tightening of various expense expenditures.
- *Impairment of intangible assets.* Our impairment of intangible assets was US\$1.1 million and nil in 2025 and 2024, respectively, which was related to an impairment loss charged on all intangible assets generated from a business acquisition that closed in November 2024 as a result of the annual intangible assets impairment review in 2025.
- *Impairment of goodwill.* Our impairment of goodwill of US\$1,327,457 in 2025 represents the impairment loss charged on goodwill generated from a business acquisition that closed in November 2024 as a result of the annual goodwill impairment review in 2025.

Loss from operations. As a result of the foregoing, our loss from operations decreased by 16.7% to US\$25.3 million in 2025, compared to loss from operations of US\$30.4 million in 2024.

Interest income. Our interest income decreased by 25.1% to US\$8.5 million in 2025, from US\$11.4 million in 2024 primarily due to the reduction of interest rates.

(Loss) gain from investment. Our (loss) gain from investment was mainly due to investment (loss) gain incurred from marketable securities and wealth management products during 2024 and 2025, respectively.

Exchange (loss) gain. Our exchange gain was US\$3.1 million in 2025, compared to the exchange loss of US\$2.2 million in 2024, primarily due to the currency fluctuation on our foreign currency denominated assets and liabilities.

Other expenses. Our other expenses increased by 278.6% to US\$0.5 million in 2025 from US\$0.1 million in 2024, primarily due to the classification of changes in fair value of cryptocurrency assets into this category in accordance with new accounting standards adopted in 2025.

Government grants. Our government grants decreased by 25.0% to US\$0.04 million in 2025, from US\$0.05 million in 2024, primarily due to the decrease of non-recurring rebates from local government.

Income taxes benefit. Our income taxes benefit decreased by 654.5% to US\$0.3 million in 2025, compared to US\$0.04 million in 2024, primarily due to the reversal of deferred tax liability relating to the impairment of intangible assets recognized from a business acquisition that closed in November 2024 in 2025.

Net loss. As a result of the foregoing, our net loss decreased to US\$14.2 million in 2025, from a net loss of US\$20.9 million in 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenues. Our revenues increased by 20.9% to US\$5.9 million in 2024, from US\$4.9 million in 2023, primarily due to the combined impact of: (1) the newly acquisition of the renewable energy business in November 2024, which led to the increase of renewable energy products revenue, and (2) the renting of idle office space, which has generated rental revenue during the year and promoted revenue growth. Other than the above, all other businesses have been relatively stable.

Cost of revenues. Our cost of revenues decreased by 78.3% to US\$4.7 million in 2024, from US\$21.6 million in 2023, which is primarily due to VAT recoverable impairment of US\$16.7 million, which was recognized in cost of revenue in 2023, as it is expected that VAT will not be recovered in the foreseeable future. In a market with both opportunities and risks, we constantly adjust our development strategy, allocate resources, and control costs and expenses based on changes in the market condition, in order to avoid unnecessary expenses.

Gross profit (loss). As a result of the foregoing, we recorded a gross profit of US\$1.2 million in 2024, compared to a gross loss US\$16.7 million in 2023.

Operating expenses. Our total operating expenses decreased by 14.6% to US\$31.6 million in 2024, from US\$36.9 million in 2023, primarily due to the combined impact of the decrease in selling expenses, increase in general and administrative expenses, and decrease in impairment.

- *Selling expenses.* Our selling expenses decreased by 41.6% to US\$1.1 million in 2024, from US\$1.9 million in 2023, mainly due to the decrease in sales staff salaries, which is also the result of the Company continuously adjusting its strategic policies according to changes in the market situation, while reducing costs and increasing efficiency.
- *General and administrative expenses.* Our general and administrative expenses increased by 4.9% to US\$30.5 million in 2024, from US\$29.0 million in 2023, primarily due to increases in such expenses for exploring new markets and businesses, as well as related investments in the renewable energy business.
- *Impairment of intangible assets.* Our impairment of intangible assets was US\$3.7 million in 2023, which was related to an impairment loss charged on a financial licence in 2023, and nil for 2024.
- *Impairment of goodwill.* Our impairment of goodwill in 2023 represents the impairment loss charged on goodwill generated from a business acquisition that closed in March 2022 as a result of the annual goodwill impairment review, and nil for 2024.

Gain from disposal of subsidiaries. The gain from disposal activities of US\$0.008 million in 2023 was related to disposal of EBONEX PTE. LTD, and nil for 2024.

Loss from operations. As a result of the foregoing, our loss from operations decreased by 43.4% to US\$30.4 million in 2024, compared to loss from operations of US\$53.6 million in 2023.

Interest income. Our interest income decreased by 4.8% to US\$11.4 million in 2024, from US\$11.9 million in 2023, primarily due to the reduction of interest rates.

Other income. Our other income decreased by 71.0% to US\$0.3 million in 2024 from US\$1.1 million in 2023. Other income in 2023 was primarily due to the Company taking possession of customer deposits collected from previous years as a result of defaults by customers under their respective contracts with the Company in 2023.

Gain (loss) from investment. Our gain from investment remained stable, mainly due to an investment gain incurred from marketable securities and wealth management products during 2023 and 2024, respectively.

Net gain (loss) on disposal of cryptocurrency assets. Our net gain (loss) on disposal of cryptocurrency assets decreased by 150.3% to a net loss of US\$0.4 million in 2024, from a net gain of US\$0.7 million in 2023, mainly due to fluctuation of price of cryptocurrencies.

Exchange (loss) gain. Our exchange loss was US\$2.2 million in 2024, compared to the exchange gain of US\$0.5 million in 2023, primarily due to the currency fluctuation on our foreign currency denominated assets and liabilities.

Government grants. Our government grants decreased by 17.5% to US\$0.05 million in 2024, from US\$0.06 million in 2023, primarily due to the decrease of non-recurring rebates from local government.

Income taxes benefit. Our income taxes benefit decreased by 95.8% to US\$0.04 million in 2024, compared to US\$1.0 million in 2023, primarily due to the reversal of deferred tax liability relating to the impairment of intangible assets recognized from a business acquisition that closed in March 2022 in during 2023, while no such transaction happened in 2024.

Net loss. As a result of the foregoing, our net loss decreased to US\$20.9 million in 2024, from a net loss of US\$38.0 million in 2023.

B. Liquidity and capital resources

Our primary source of liquidity historically has been cash generated from our business operations, bank loans, equity contributions from our shareholders and borrowings, which have historically been sufficient to meet our working capital and capital expenditure requirements.

As of December 31, 2025 and 2024, our cash and cash equivalents were US\$200.2 million and US\$213.8 million, respectively. Our cash and cash equivalents primarily consist of cash on hand, demand deposits and time deposits placed with banks or other financial institutions and have original maturities of less than three months.

We believe that our existing cash and cash equivalents, anticipated cash raised from financings, and anticipated cash flow from operations, will be sufficient to meet our anticipated cash needs for the next 12 months from the date of this annual report. We may, however, decide to enhance our liquidity position or increase our cash reserve for future investments through additional capital and finance funding. We may need additional cash resources in the future if we experience changes in business conditions or other developments, or if we find and wish to pursue opportunities for investments, acquisitions, capital expenditures or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Our ability to manage our working capital, including receivables and other assets and liabilities and accrued liabilities, may materially affect our financial condition and results of operations.

The following table sets forth our selected consolidated cash flow data for the periods indicated:

| | Years Ended December 31, | | |
|--|--------------------------|----------------|----------------|
| | 2023 | 2024 | 2025 |
| | US\$ | US\$ | US\$ |
| | (in thousands) | | |
| Net cash used in operating activities | (11,530) | (17,614) | (9,045) |
| Net cash provided by (used in) investing activities | 2,630 | (9,892) | (5,367) |
| Net cash provided by financing activities | - | - | - |
| Effect of foreign exchange on cash, cash equivalents and restricted cash | (407) | (410) | 427 |
| Net decrease in cash, cash equivalents and restricted cash | (9,307) | (27,916) | (13,985) |
| Cash, cash equivalents and restricted cash at the beginning of the year | 252,227 | 242,920 | 215,005 |
| Cash, cash equivalents and restricted cash at the end of the year | 242,920 | 215,004 | 201,020 |

Operating Activities

Net cash used in operating activities for 2025 was US\$9 million, which primarily reflected our net loss of US\$14.2 million, as mainly adjusted for (1) depreciation and amortization expenses of US\$2.6 million, (2) write-down for the potentially obsolete, slow-moving inventories and lower of cost or market adjustment of US\$0.05 million, (3) provision of credit loss of US\$0.3 million, (4) gain on foreign currency transactions of US\$3.1 million, (5) non-cash lease expenses of US\$1 million, (6) loss on short-term investment of US\$0.5 million, (7) reversal of share-based compensation expenses of US\$0.4 million, (8) impairment of goodwill of US\$1.3 million, (9) impairment of intangible assets of US\$1.1 million, and (10) impairment of VAT recoverable of US\$2.4 million. Adjustment for changes in working capital primarily consisted of (i) a decrease of US\$4 million in net prepayments and other current assets, (ii) an increase of US\$2.8 million in net inventories, (iii) a decrease of US\$0.2 million in other assets; (iv) an increase of US\$0.4 million in advance to suppliers, (v) a decrease of US\$0.13 million in VAT recoverable, and (vi) a decrease of US\$2 million in accrued liabilities and other payables.

Net cash used in operating activities for 2024 was US\$17.6 million, which primarily reflected our net loss of US\$20.9 million, as mainly adjusted for (1) depreciation and amortization expenses of US\$2.6 million, (2) write-down for the potentially obsolete, slow-moving inventories and lower of cost or market adjustment of US\$0.3 million, (3) net reversal of credit loss of US\$1.1 million, (4) loss on foreign currency transactions of US\$2.2 million, (5) loss on disposal of cryptocurrencies of US\$0.4 million, (6) non-cash lease expenses of US\$1.4 million, (7) gain on short-term investment of US\$0.4 million, (8) reversal of share-based compensation expenses of US\$1.0 million, and (9) changes in working capital. Adjustment for changes in working capital primarily consisted of (i) a decrease of US\$1.7 million in net prepayments and other current assets, (ii) a decrease of US\$0.05 million in net accounts receivable, (iii) an increase of US\$0.2 million in net inventories, (iv) a decrease of US\$0.5 million in other assets; (v) an increase of US\$0.4 million in other non-current liability, and (vi) a decrease of US\$3.4 million in accrued liabilities and other payables.

Net cash used in operating activities for 2023 was US\$11.5 million, which primarily reflected our net loss of US\$38.0 million, as mainly adjusted for (1) depreciation and amortization expenses of US\$3.5 million, (2) write-down for the potentially obsolete, slow-moving inventories and lower of cost or market adjustment of US\$0.3 million, (3) impairment of VAT recoverable adjustments of US\$16.7 million, (4) provision of credit loss of US\$1.0 million, (5) gain on foreign currency transactions of US\$0.5 million, (6) gain on disposal of cryptocurrencies of US\$0.7 million, (7) non-cash lease expenses of US\$1.8 million, (8) impairment of intangible assets of US\$3.7 million, (9) impairment of goodwill of US\$2.3 million, (10) loss from cybersecurity event of US\$2.3 million, (11) deferred income taxes of US\$1.0 million, and (12) changes in working capital. Adjustment for changes in working capital primarily consisted of (i) a decrease of US\$1.0 million in net prepayments and other current assets, (ii) a decrease of US\$2.6 million in net accounts receivable, (iii) an increase of US\$0.1 million in VAT recoverable, (iv) a decrease of US\$1.1 million in accounts payable, (v) a decrease of advances from customers of US\$0.9 million, and (vi) a decrease of US\$4.3 million in accrued liabilities and other payables.

Investing Activities

Net cash used investing activities for 2025 was US\$5.4 million, mainly attributable to (i) collections from short-term investment of US\$16.1 million, (ii) cash paid of short-term investment of US\$17.1 million, and (iii) acquisition of property, plant and equipment of US\$4.5 million.

Net cash used investing activities for 2024 was US\$9.9 million, mainly attributable to (i) collections from short-term investment of US\$31.6 million, (ii) cash paid of short-term investment of US\$36.3 million, (iii) prepayment of property, plant and equipment of US\$4.7 million, (iv) payments for business combination of US\$0.3 million.

Net cash provided by investing activities for 2023 was US\$2.6 million, mainly attributable to (i) collections from short-term investment of US\$5.7 million, (ii) proceeds from disposal of crypto assets of US\$7.2 million, (iii) cash paid for purchase of crypto assets of US\$9.2 million, and (iv) cash paid for the purchases of property, plant and equipment of US\$1.0 million.

Financing Activities

We did not occur any cash flows from financing activities during 2025, 2024 and 2023.

Capital Expenditures

We made capital expenditures of US\$1.1 million, US\$4.9 million and US\$4.5 million, in 2023, 2024 and 2025, respectively. In these periods, our capital expenditures were mainly used for (1) procurement of equipment, such as molds and machinery for the expansion of production capacity and upgrading of production facilities, (2) addition of intangible assets, such as software and non-patent technology and license, (3) procurement of land and (4) expenditures for constructing our production facilities.

We plan to fund our future capital expenditures with our existing cash balance and proceeds from our public offerings. We will continue to make capital expenditures to meet the expected growth of our business, including for construction of production facilities and procurement of photomask, mold and various intellectual properties.

C. Research and development, patents and licenses, etc.

See “Item 4. Information on the Company—B. Business Overview— Research and Development” and “—Intellectual Property.”

D. Trend information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2025 to December 31, 2025 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Policies and Estimates

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our financial statements in conformity with the U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. We did not identify any critical accounting estimates for the year ended December 31, 2025. Our critical accounting policies for years ended 2024 and 2023 are summarized below.

Business Combination

We account for the business combination using the acquisition method of accounting in accordance with ASC 805, “*Business Combinations*”. The purchase price of the acquisition is allocated to the assets, liabilities, identifiable intangible assets acquired, and non-controlling interest, if any, based on their estimated fair values as of the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses are expensed as incurred. Consideration transferred in a business acquisition is measured at fair value as of the date of acquisition. Transaction costs directly attributable to the acquisition are expensed as incurred.

Impairment of goodwill and an intangible asset recognized in connection with the acquisition of Ebonfx Australia

We recognized an intangible asset and goodwill in connection with the acquisition of Ebonfx Australia in 2022. The Intangible asset has a finite useful life and is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We assess the recoverability of the intangible asset based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from the disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, we would reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values.

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination. In accordance with ASC Topic 350, Goodwill and Other Intangible Assets (“ASC 350”), recorded goodwill amounts are not amortized, but rather assessed for impairment annually or more frequently if there are indicators of impairment present, applying a fair-value based test.

When performing the annual impairment test, we have the option of performing a qualitative or quantitative assessment to determine if an impairment has occurred. If a qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than the carrying amount, we would be required to perform a quantitative impairment analysis for goodwill. The quantitative analysis requires a comparison of fair value of the reporting unit to the carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The fair value is generally determined using the income approach.

A detailed summary of critical accounting estimates is as follows:

Fair value of an identified intangible asset in connection with the acquisition of Redback Technologies

The fair value of the identified intangible asset of technology acquired from the acquisition of Redback Technologies is determined by the use of valuation models and unobservable inputs that are subject to significant estimates and assumptions. These estimates and assumptions can include, among others, the cash flows that an asset is expected to generate in the future and discount rates. The judgments and estimates used are disclosed in Note 3, Acquisitions in 2024.

Impairment of goodwill and an intangible asset recognized in connection with the acquisition of Ebonfx Australia

We review our intangible assets for impairment and perform a goodwill impairment assessment on an annual basis through a qualitative or quantitative assessment and when events and circumstances indicate that the estimated fair value of a reporting unit may no longer exceed its carrying value. The process of evaluating the potential impairment of intangible asset and goodwill is subjective because it requires the use of estimates and assumptions in determining a reporting unit's fair value, as well as the fair value of the intangible asset. We calculate the fair values by using the income approach based on the present value of future discounted cash flows, which requires us to use estimates and judgments about the future cash flows of the reporting unit, primarily including forecasted revenue and revenue growth rates, weighted average cost of capital, and forecasted operating cash flows. The judgments and estimates used are disclosed in Note 3, Acquisitions in 2022.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and senior management

Our board of directors is currently composed of five members. The table below sets forth certain information as of April 24, 2026, concerning our current board of directors and our senior management as of the date of this annual report.

| Directors and Executive Officers | Age | Position/Title |
|---|------------|--|
| Dong Hu | 52 | Chairman of the Board, Chief Executive Officer and Chief Financial Officer |
| Chunjuan Peng | 49 | Director and Deputy General Manager |
| Yanqing Gao | 61 | Independent Director |
| Tingjie Lyu | 70 | Independent Director |
| Mingming Su | 41 | Independent Director |

Dong Hu is our founder and has served as chairman of the board of directors, and our chief executive officer since May 2018 and our chief financial officer since May 2022. He has also served as a director and chief executive officer of Zhejiang Ebang since January 2010. Mr. Hu has over 26 years of experience in the network communication and computing industry. In addition, he is also a leading figure in the blockchain, Fintech, and renewable energy industries. Between August 1998 and August 2009, he was a teacher of the College of Information Engineering at Zhejiang University of Technology. From August 2009, he worked as a teacher of the College of Computer Science and Technology at the same university until October 2017. Mr. Hu is primarily responsible for overseeing the sales and marketing, research and development, business strategy and overall management of our company. Mr. Hu graduated from Zhejiang University of Technology with an undergraduate degree in industrial automation in July 1998. In September 2008, Mr. Hu obtained a master of business administration (MBA) degree from Zhejiang University. In June 2025, Mr. Hu obtained a EMBA degree from Tsinghua University.

Chunjuan Peng is our deputy general manager and has served as a director since May 2018. She has also served as a deputy general manager of Zhejiang Ebang since January 2010. Ms. Peng has over 21 years of experience in the areas of business operation and production and supply chain management. From September 2003 to January 2010, Ms. Peng was a deputy general manager at Hangzhou Ebang Communication Technology Co., Ltd., where she was responsible for assisting in managing the daily operation of the company. Ms. Peng is mainly responsible for our production and supply chain management, which includes overseeing the procurement of raw materials and production and quality control. Ms. Peng graduated from Jiangxi Normal University with a self-taught associate degree in tourism management in June 1997.

Yanqing Gao has served as our director since June 2021. He has been a director of Hangzhou Jianxue Technology Co., Ltd. since November 2019, Shanghai Xinfangxun Communication Technology Co., Ltd. since November 2015 and Zhejiang Kaipu Technology Co., Ltd. since September 2015. Mr. Gao has also been the deputy manager of Zhejiang Zheke Investment Management Co., Ltd. since May 2012. He was a director of Yuancheng Environment co., Ltd. from June 2013 to November 2018 and Jiangsu Mole Biotechnology Co., Ltd. from April 2016 to November 2021. He also served as a director and the chief financial officer of Zhejiang Tianyuan Biopharmaceutical Co., Ltd. from April 2007 to April 2012. Mr. Gao held various accounting positions with companies in China since 1990. Mr. Gao received his bachelor's degree in accounting from Hangzhou Business School in 1984 and his EMBA from Zhongnan University of Economics and Law in 2008.

Tingjie Lyu has served as our director since June 2020. He has served as an independent director of China Communications Services Corporation Limited, Beijing Digital Telecom Co., Ltd. and Beijing Tongtech Co., Ltd. since June 2015, May 2013 and August 2023, respectively. He has also served as a director of Wooboo Mobile Media Co., Ltd. since July 2016. He was an independent director of China Satellite Communications Co., Ltd. from June 2017 to August 2023. Mr. Lyu has over 41 years of experience in the telecommunications industry. Since June 1985, Mr. Lyu successively served as a teacher, an associate professor and a professor at Beijing University of Posts and Telecommunications, College of Economic Management. Mr. Lyu holds a bachelor's degree in radio engineering and a master's degree in management engineering from Beijing University of Posts and Telecommunications and a doctor's degree in engineering from Kyoto University.

Mingming Su has served as our director since November 2021. Mr. Su has served as Chief Strategy Officer of DouYu International Holdings Limited ("DouYu"), a company that has its American depositary shares listed on the Nasdaq Global Select Market, since November 2015 and director of DouYu since October 2016. Mr. Su served as the investment analyst of Shanda Computer (Shanghai) Co., Ltd. from March 2010 to March 2011, the investment manager of Hangzhou Bianfeng Network Technology Co., Ltd. from March 2011 to August 2012 and the vice president of investment at Shenzhen Qingsong Investment Management Partnership (Limited Partnership) from August 2012 to November 2015. Mr. Su obtained his bachelor's degree majoring in library science and minoring in English from Anhui University in July 2007. Mr. Su also obtained his Master of Management majoring in library science from Chinese Academy of Sciences in March 2010.

B. Compensation

Compensation

For the fiscal year ended December 31, 2025, we paid an aggregate of approximately US\$0.6 million in cash to our directors and executive officers, respectively. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers.

Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her medical insurance, maternity insurance, workplace injury insurance, unemployment insurance, pension benefits through a PRC government-mandated multi-employer defined contribution plan and other statutory benefits. Our Hong Kong subsidiaries are required by the Hong Kong Mandatory Provident Fund Schemes Ordinance to make monthly contributions to the mandatory provident fund scheme in an amount equal to at least 5% of an employee's salary.

Clawback Policy

On October 7, 2023, the Board adopted a clawback policy (the "Clawback Policy") providing for the recovery of certain incentive-based compensation from current and former executive officers of the Company in the event the Company is required to restate any of its financial statements filed with the SEC under the Exchange Act in order to correct an error that is material to the previously-issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Adoption of the Clawback Policy was mandated by new Nasdaq listing standards introduced pursuant to Exchange Act Rule 10D-1. The Clawback Policy is in addition to Section 304 of the Sarbanes-Oxley Act of 2002 which permits the SEC to order the disgorgement of bonuses and incentive-based compensation earned by a registrant issuer's chief executive officer and chief financial officer in the year following the filing of any financial statement that the issuer is required to restate because of misconduct, and the reimbursement of those funds to the issuer. A copy of the Clawback Policy was filed as Exhibit 97.1 to our Annual Report on Form 20-F filed with the SEC on April 26, 2024.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with our executive officers. Each of our executive officers is employed for a continuous term unless either we or the executive officer gives prior notice to terminate such employment, or for a specified time period, or for a specified time period which will be renewed automatically unless a notice of non-renewal is given. We may terminate an executive officer's employment for cause at any time with one month's prior notice, including but not limited to as a result of the executive officer's commitments of any serious or persistent breach or non-observance of the terms and conditions of the employment, conviction of a criminal offence, fraud or dishonesty, habitual neglect of his or her duties, material misconduct being inconsistent with the due and faithful discharge of the executive officer's material duties or material breach of internal procedures or regulations which causes damage to the Company. An executive officer may terminate his or her employment at any time with one month's prior written notice.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use, except for our benefit, any confidential information of our company, any of its subsidiaries or their customers and suppliers. In addition, each of our executive officers have agreed to be bound by non-solicitation restrictions set forth in their confidentiality agreements with us.

We have entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against all liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company to the fullest extent permitted by law with certain limited exceptions.

Share Incentive Plan

Our board of directors adopted the 2020 Share Incentive Plan in April 2020, effective from the date of our initial public offering, which was amended and restated on July 9, 2021; and our shareholders adopted the 2021 Share Incentive Plan, effective as of December 15, 2021 at the annual general meeting of shareholders, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. Under the Amended and Restated 2020 Share Incentive Plan, or the 2020 Plan, the maximum aggregate number of shares that may be issued pursuant to all awards under the 2020 Plan shall be 349,427 Class A ordinary shares, representing 8% of the enlarged total issued and outstanding shares of our company immediately upon completion of our initial public offering. Under the 2021 Share Incentive Plan, or the 2021 Plan, the maximum aggregate number of shares that may be issued pursuant to all awards under the 2021 Plan shall be 333,333 Class A ordinary shares.

As of the date of this annual report, we have granted 86,091 restricted shares (after forfeitures) under the 2020 Plan and we did not grant any awards under the 2021 Plan. No director or officer has been granted any restricted shares under either plan, other than Chunjuan Peng, our director and Deputy General Manager, who was granted 13,333 restricted shares under the 2020 Plan in March 2022, of which 3,333 Class A ordinary shares have been vested.

The following paragraphs describe the principal terms of the 2020 Plan:

Types of awards. The 2020 Plan permits the awards of options, restricted shares or restricted share units.

Plan administration. Our board of directors or a committee of one or more members of the board of directors administers the 2020 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award agreement. Awards granted under the 2020 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to employees and consultants of our company, our parent company and any of our subsidiaries, our directors, and other individuals, as determined by the plan administrator. However, we may grant options that are intended to qualify as incentive share options only to our employees and employees of our parent companies and subsidiaries.

Vesting schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant, except that the maximum exercisable term is 10 years from the date of a grant.

The following paragraphs describe the principal terms of the 2021 Plan:

Types of awards. The 2021 Plan permits the awards of options, shares, restricted shares or restricted share units.

Plan administration. Our board of directors or a committee of one or more members of the board of directors administers the 2021 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award agreement. Awards granted under the 2021 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to employees and consultants of our company, our parent company and any of our subsidiaries, our directors, and other individuals, as determined by the plan administrator. However, we may grant options that are intended to qualify as incentive share options only to our employees and employees of our parent companies and subsidiaries.

Vesting schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant, except that the maximum exercisable term is 10 years from the date of a grant.

C. Board practices

Overview

Directors are expected to provide stewardship in order to promote the long-term success of the Company. They are expected to fulfill their fiduciary duties and duty of care in the best interests of the Company, considering the various needs of its stakeholders (shareholders, employees, communities, suppliers and clients), providing advice to and oversight of management's activities. Within its responsibilities, the board of directors oversees the company's strategic goals; financial statements, control and risk management; core values, integrity and ethical standards; management and board remuneration and succession planning, among others.

Board composition

Our board of directors consists of five directors, including three independent directors. A director is not required to hold any shares in our company to qualify to serve as a director. The Nasdaq Rules generally require that a majority of an issuer's board of directors must consist of independent directors. Our board of directors affirmatively determined that Yanqing Gao, Tingjie Lyu and Mingming Su are independent directors, and that we have a majority of independent directors serving on our board of directors.

A director may, subject to any separate requirement for audit committee approval under applicable law, the Articles or the Nasdaq Rules, or disqualification by the chairman of the relevant board meeting, vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any director in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

Committees of our board of directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of Yanqing Gao, Tingjie Lyu and Mingming Su. Mr. Gao is the chairman of our audit committee. We have determined that each of Messrs. Gao, Lyu and Su satisfies the "independence" requirements of the Rule 5605(c)(2) of the Nasdaq Rules and meets the independence standards under Rule 10A-3 under the Exchange Act. Our board of directors has also determined that Mr. Gao qualifies as an "audit committee financial expert" within the meaning of the SEC rules and possesses financial sophistication within the meaning of the Nasdaq Rules.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. The audit committee is responsible for, among other things:

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services performed by our independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and our independent registered public accounting firms;
- reporting regularly to the full board of directors; and
- performing such other matters that are specifically delegated to our audit committee by our board of directors from time to time.

Compensation Committee

Our compensation committee consists of Dong Hu, Tingjie Lyu and Mingming Su. Mr. Hu is the chairman of our compensation committee. We have determined that each of Messrs. Lyu and Su satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Rules.

The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated.

The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;

- reviewing and making recommendations to the board of directors with respect to the compensation of our directors;
- reviewing periodically and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Chunjuan Peng, Yanqing Gao and Tingjie Lyu. Ms. Peng is the chairperson of our nominating and corporate governance committee. We have determined that each of Messrs. Gao and Tingjie satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Rules.

The nominating and corporate governance committee assists the board of directors in selecting directors and in determining the composition of our board and board committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors, or for appointment to fill any vacancy;
- reviewing annually with our board of directors its composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our board the directors to serve as members of committees;
- advising the board periodically with respect to developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations;
- making recommendations to our board of directors on corporate governance matters and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure compliance.

Duties of Directors

Under Cayman Islands law, our directors owe to us certain fiduciary duties, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider to be in good faith and in our best interests. Our directors also have a duty to exercise the skills they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances.

In fulfilling their duty of care to us, our directors must ensure compliance with our Articles, as amended and restated from time to time.

Our company may have the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its business operations to shareholders at such meetings;
- declaring dividends and distributions;

- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Code of Ethics and Corporate Governance

We have adopted a code of ethics, which is applicable to all of our directors, executive officers and employees. We have made our code of ethics publicly available on our website.

In addition, our board of directors have adopted a set of corporate governance guidelines covering a variety of matters, including approval of related party transactions.

Terms of Directors and Officers

Pursuant to the Articles, our officers will be elected by and serve at the discretion of our board of directors. Each of our directors is not subject to a term of office and hold office until such time as he or she resigns or is removed from office by ordinary resolution of our shareholders.

A director will be removed from office automatically if, among other things, the director (1) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his or her creditors; (2) dies or is found by our company to be of unsound mind; or (3) is removed from office pursuant to any other provisions of our Articles.

Interested Transactions

A director may, subject to any separate requirement for audit committee approval under applicable law, the Articles or the Nasdaq Rules, or disqualification by the chairman of the relevant board meeting, vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

D. Employees

As of December 31, 2025, we had a total of 197 employees, among which, 44 full-time employees were located outside of China.

The following table sets forth a breakdown of our employees by function as of December 31, 2025:

| Function | Number of Employees |
|--------------------------------|----------------------------|
| Management | 5 |
| Research and development | 101 |
| Production | 7 |
| Sales and marketing | 13 |
| Finance, operations and others | 71 |
| Total | 197 |

The remuneration payable to our employees includes salaries, project incentives, year-end bonuses and allowances. We determine employees' remuneration based on factors including qualifications, contributions and years of experience. In order to maintain the quality, knowledge and skills of our employees, we appreciate the importance of training to employees. We provide regular trainings to our employees, which include orientation training for new employees and continuing on-the-job training for existing employees.

E. Share ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares, as of April 24, 2026 with respect to:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5.0% of our ordinary shares.

The calculations in the table below are based on 6,543,938.22 ordinary shares outstanding as of April 24, 2026, comprising 4,989,746.22 Class A ordinary shares and 1,554,192 Class B ordinary shares, assuming no exercise of outstanding warrants and excluding ordinary shares reserved for issuance under our Amended and Restated 2020 Share Incentive Plan and 2021 Share Incentive Plan.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days of April 24, 2026, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

| | <u>Class A ordinary shares</u> | <u>Class B ordinary shares</u> | <u>Percentage of total ordinary shares*** (%)</u> | <u>Percentage of total voting power**** (%)</u> |
|---|--|--|---|---|
| Directors and Executive Officers** | | | | |
| Dong Hu ⁽¹⁾ | 3,750 | 1,554,192 | 23.8 | 86.2 |
| Chunjuan Peng | * | – | * | * |
| Yanqing Gao | – | – | – | – |
| Tingjie Lyu | – | – | – | – |
| Mingming Su | – | – | – | – |
| All directors and executive officers as a group | 32,486 | 1,554,192 | 24.2 | 86.3 |
| Principal Shareholders: | | | | |
| Affiliates of Dong Hu ⁽¹⁾ | 3,750 | 1,554,192 | 23.8 | 86.2 |
| CVI Investments, Inc. ⁽²⁾ | 343,332 | – | 5.2 | * |

* Represents less than 1% of our total outstanding shares.

** Except as indicated otherwise below, the business address of our directors and executive officers is 600 East John Carpenter Freeway, Suite 110, Irving, Texas 75062.

*** For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after the date of April 24, 2026.

**** For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group with respect to all outstanding shares of our Class A and Class B ordinary shares as a single class. Each holder of our Class A ordinary shares is entitled to one vote per share. Each holder of our Class B ordinary shares is entitled to 20 votes per share. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one for one basis, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

- (1) Represents (1) 1,554,192 Class B ordinary shares held by Top Max Limited and (2) 3,750 Class A ordinary shares held by Top One Limited. Top Max Limited is a company incorporated in the British Virgin Islands with limited liability wholly owned by Vista Eternity (PTC) Limited, or Vista Eternity, a trustee under the Hu Family Trust in which Mr. Hu, our chairman of the board of directors, chief executive officer and chief financial officer, is the settlor and the investment manager. Top One Limited, a company incorporated in the British Virgin Islands, is, among others, approximately 2.365% owned by Mr. Hu. The registered addresses of both of Top Max Limited and Top One Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (2) Heights Capital Management, Inc. (“Heights Capital”), serves as the investment manager to CVI Investments, Inc. (“CVI”), and as such may exercise voting and dispositive power over the Class A ordinary shares held by CVI and may be deemed to beneficially own these Class A ordinary shares. William Walmsley, Director of CVI Investments, Inc., may also be deemed to beneficially own these Class A ordinary shares, as may Brian Sopinsky, Secretary of Heights Capital Management, Inc. Mr. Kobinger disclaims any such beneficial ownership of the securities. Each of Messrs. Walmsley and Sopinsky, CVI and Heights Capital disclaims beneficial ownership of these Class A ordinary shares except to the extent of their pecuniary interest therein. The address of the principal business office of Mr. Walmsley and CVI Investments, Inc. is P.O. Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands. The address of the principal business office of Mr. Sopinsky and Heights Capital Management, Inc. is 101 California Street, Suite 3250, San Francisco, California 94111. The number of Class A ordinary shares held by CVI is based on information included in the Schedule 13-G filed by CVI with the SEC on February 14, 2024 reporting its beneficial ownership of Class A ordinary shares.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. To our knowledge, as of April 24, 2026, 4,952,966 Class A ordinary shares, representing approximately 75.7% of our issued and outstanding ordinary shares, were held by one record holder in the United States, which is Cede & Co., a nominee of The Depository Trust Company, and none of our Class B ordinary shares are held by record holders in the United States.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share and the sole holder of Class B ordinary shares is entitled to 20 votes per share. The sole holder of our Class B ordinary shares may choose to convert its Class B ordinary shares into the same number of Class A ordinary shares at any time. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance. See “Item 10. Additional Information—B. Memorandum and Articles of Association” for a more detailed description of our Class A ordinary shares and Class B ordinary shares.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major shareholders

See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related party transactions

We have entered into the following transactions with related parties:

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Indemnification Agreements.”

Share Incentive Plan

See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plan.”

Other Transactions with Related Parties

Property Tenancy Agreements with Hangzhou Dewang Jucheng Technology Co., Ltd.

As of the date of this annual report, some of our PRC subsidiaries have entered into several tenancy property management agreements with Hangzhou Dewang Jucheng Technology Co., Ltd. (formerly known as Zhejiang Wansi Computer Manufacturing Company Limited) (“Hangzhou Dewang Jucheng”). The lease terms are for consecutive one-year terms. Hangzhou Dewang Jucheng is 80.9524% owned by Dong Hu, our controlling shareholder, chairman of the board directors, chief executive officer and chief financial officer. Hangzhou Dewang Jucheng is therefore an associate of Mr. Hu. In 2023, 2024 and 2025, lease expenses from Hangzhou Dewang Jucheng were approximately US\$29,000 US\$28,000 and US\$39,000 respectively. As of December 31, 2023, 2024 and 2025, the operating lease liabilities to Hangzhou Dewang Jucheng is approximately US\$31,000 and US\$40,000 and US\$69,000 respectively.

Product Sales Agreements with Redback Technologies

For the period from May 2024 to November 2024, the Company sold US\$337,100 of products to Redback Technologies. On November 8, 2024, the Company acquired 100% equity interest of Redback Technologies and it ceased to be a related party of the Company.

Loan Agreements with Redback Technologies

For the period from May 2024 to November 2024, Redback Technologies borrowed AUD3,696,386 (approximately US\$2.3 million) and RMB626,797 (approximately US\$86,000) from the Company. On November 8, 2024, the Company acquired 100% equity interest of Redback Technologies and it ceased to be a related party of the Company. The preexisting loans to Redback Technologies were considered settled upon the acquisition.

Foreign exchange service provided to a related party

For the year ended December 31, 2025, our chief executive officer Dong Hu, through the Company, performed an exchange with an outstanding custodial cash receivable and liability balance of US\$126,920 as of December 31, 2025 recorded under other current assets and accrued liabilities and other payables, respectively. The outstanding custodial cash receivable and liability balance was settled subsequently in 2026.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated statements and other financial information

Financial statements

We have appended consolidated financial statements filed as part of this annual report.

Legal proceedings

See “Item 4. Information on the Company—B. Business Overview—Legal Proceedings.”

For risks and uncertainties relating to the pending cases against us, please see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We have been involved, and may continue to be involved, in disputes, claims or proceedings arising from our operations or class actions from time to time, which could result in significant liabilities and reputational harm and could materially and adversely affect our business, financial condition and results of operations.”

Dividends and dividend policy

The payment of dividends is at the discretion of our board of directors, subject to our Articles. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or the share premium account, and provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends paid by our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Conducting Business in China—Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our PRC operating subsidiaries, which could restrict our ability to act in response to changing market conditions in a timely manner.”

B. Significant changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offering and listing details

Our Class A ordinary shares have been listed on the Nasdaq Global Select Market since June 26, 2020 under the symbol “EBON.”

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share and the sole holder of Class B ordinary shares is entitled to 20 votes per share. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Securities—Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares may view as beneficial.”

B. Plan of distribution

Not applicable.

C. Markets

Our Class A ordinary shares have been listed on the Nasdaq Global Select Market since June 26, 2020 under the symbol “EBON.”

D. Selling shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share capital

Not applicable.

B. Memorandum and articles of association

We are an exempted company incorporated under the laws of the Cayman Islands and our affairs are governed by our Articles, as amended and restated from time to time, the Companies Act (Revised) of the Cayman Islands, which we refer to as the Companies Act below, and the common law of the Cayman Islands.

The following are summaries of material provisions of our Articles and the Companies Act (Revised) of the Cayman Islands insofar as they relate to the material terms of our ordinary shares.

Ordinary Shares

General

Under our second amended and restated memorandum of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Our issued and outstanding ordinary shares consist of Class A ordinary shares and Class B ordinary shares. All of our outstanding ordinary shares, which consist of Class A ordinary shares and Class B ordinary shares, are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

Holders of our Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. The Class A ordinary shares and Class B ordinary shares carry equal rights and rank *pari passu* with one another, including the rights to dividends and other capital distributions.

Conversion

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale of Class B ordinary shares by a holder thereof to any person or entity that is not ultimately controlled by the Founder (as defined in our Articles), such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares.

Voting Rights

On a show of hands each shareholder is entitled to one vote or, on a poll, each shareholder is entitled to one vote for each Class A ordinary share and 20 votes for each Class B ordinary share, voting together as a single class, on all matters that require a shareholder's vote. Voting at any shareholders' meeting is by show of hands of shareholders who are present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative, unless a poll is demanded.

A poll may be demanded by the chairman of such meeting or any shareholder present in person or by proxy.

No shareholder shall be entitled to vote or be reckoned in a quorum, in respect of any share, unless such shareholder is duly registered as our shareholder and all calls or instalments due by such shareholder to us have been paid.

An ordinary resolution to be passed at a general meeting requires the affirmative vote of a simple majority of the votes cast, while a special resolution requires the affirmative vote of at least two-thirds of votes attached to all outstanding ordinary shares cast at a general meeting.

Transfer Agent and Registrar

The transfer agent and registrar for the Class A ordinary shares is VStock Transfer, LLC, a California limited liability company with its business address at 18 Lafayette Place, Woodmere, New York 11598.

General Meetings of Shareholders

Our Articles provides that our company may (but shall not be obligated to) hold an annual general meeting of shareholders in each calendar year, subject to Cayman Islands laws and the Nasdaq Rules, in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held as a physical meeting in any part of the world and/or at one or more locations or as a hybrid meeting or as an electronic meeting, at such time and place as may be determined by our directors.

Shareholders' meetings may be convened by a majority of our board of directors or the chairman of our board of directors. Advance notice of at least ten clear days (as defined in the Articles) is required for the convening of our annual general meeting and any other general meeting of our shareholders. Notwithstanding that a meeting is called by shorter notice than that mentioned above, but, subject to the Companies Act, it will be deemed to have been duly called, if it is so agreed (1) in the case of a meeting called as an annual general meeting by all of our shareholders entitled to attend and vote at the meeting; and (2) in the case of any other meeting, by a majority in number of the shareholders holding not less than 95% in nominal value of the issued shares giving that right.

No business other than the appointment of a chairman may be transacted at any general meeting unless a quorum is present at the commencement of business. However, the absence of a quorum will not preclude the appointment of a chairman. If present, the chairman of our board of directors shall be the chairman presiding at any shareholders' meetings.

A corporation being a shareholder shall be deemed for the purpose of our Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting or at any relevant general meeting of any class of our shareholders. Such duly authorized representative shall be entitled to exercise the same powers on behalf of the corporation that he represents as that corporation could exercise if it were our individual shareholder.

Dividends

Subject to the Companies Act, our directors may declare dividends in any currency to be paid to our shareholders. Dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our directors determine is no longer needed. Our board of directors may also declare and pay dividends out of the share premium account or any other fund or account that can be authorized for this purpose in accordance with the Companies Act. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provides, (1) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on that share and (2) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Our directors may also pay interim dividends, whenever our financial position, in the opinion of our directors, justifies such payment.

Our directors may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise.

No dividend or other money payable by us on or in respect of any share shall bear interest against us. In respect of any dividend proposed to be paid or declared on our share capital, our directors may resolve and direct that (1) such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that our shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if our directors so determine) in cash in lieu of such allotment or (2) the shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our directors may think fit. Our shareholders may, upon the recommendation of our directors, by ordinary resolution resolve in respect of any particular dividend that, notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend interest or other sum payable in cash to the holder of shares may be paid by check or warrant sent by mail addressed to the holder at his registered address, or addressed to such person and at such addresses as the holder may direct. Every check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to us.

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our board of directors for the benefit of our company until claimed. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and reverted to us.

Whenever our directors have resolved that a dividend be paid or declared, our directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe for our securities or securities of any other company. Where any difficulty arises with regard to such distribution, our directors may settle it as they think expedient. In particular, our directors may issue fractional certificates, ignore fractions altogether or round the same up or down, fix the value for distribution purposes of any such specific assets, determine that cash payments shall be made to any of our shareholders upon the footing of the value so fixed in order to adjust the rights of the parties, vest any such specific assets in trustees as may seem expedient to our directors, and appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, which appointment shall be effective and binding on our shareholders.

Transfer of Ordinary Shares

Subject to any applicable restrictions set forth in our Articles, including, for example, the board of directors' discretion to refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under share incentive plans for employees upon which a restriction on transfer imposed thereby still subsists, or a transfer of any share to more than four joint holders, any of our shareholders may transfer all or any of his or her shares by an instrument of transfer in the usual or common form or in a form prescribed by the Nasdaq Global Select Market or in another form that our directors may approve.

Our directors may decline to register any transfer of any share which is not paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless:

- the instrument of transfer is lodged with us and is accompanied by the certificate for the shares to which it relates and such other evidence as our directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of share;
- the instrument of transfer is properly stamped (in circumstances where stamping is required); and
- a fee of such maximum sum as the Nasdaq Global Select Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

Liquidation

Subject to any future shares which are issued with specific rights, (1) if we are wound up and the assets available for distribution among our shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* among those shareholders in proportion to the amount paid up at the commencement of the winding up on the shares held by them, respectively, and (2) if we are wound up and the assets available for distribution among the shareholders as such are insufficient to repay the whole of the paid-up capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up at the commencement of the winding up on the shares held by them, respectively.

If we are wound up (whether the liquidation is voluntary or by the court), the liquidator may with the sanction of our special resolution and any other sanction required by the Companies Act, divide among our shareholders in specie or kind the whole or any part of our assets (whether or not they shall consist of property of the same kind) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

The liquidator may also vest the whole or any part of these assets in trustees upon such trusts for the benefit of the shareholders as the liquidator shall think fit, but so that no shareholder will be compelled to accept any assets, shares or other securities upon which there is a liability.

The consideration received by each holder of a Class A ordinary share and a holder of a Class B ordinary share will be the same in any liquidation event.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Subject to our Articles and to the terms of allotment, our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Shares, Repurchase and Surrender of Ordinary Shares

We are empowered by the Companies Act and our Articles to purchase our own shares, subject to certain restrictions. Our directors may only exercise this power on our behalf, subject to the Companies Act, our Articles and to any applicable requirements imposed from time to time by the Nasdaq Global Select Market, the SEC, or by any other recognized stock exchange on which our securities are listed.

We may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors.

Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act, no such share may be redeemed or repurchased (1) unless it is fully paid up, (2) if such redemption or repurchase would result in there being no shares outstanding, or (3) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Act, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority of two-thirds of the vote of all of the shares in that class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Issuance of Additional Shares

Our Articles authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our Articles also authorize our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

C. Material contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” or elsewhere in this annual report.

D. Exchange controls

See “Item 4.B. Information on the Company—Business Overview—Regulation—Regulatory Overview of the PRC—Laws and Regulations Relating to Other Business Areas—Foreign Exchange.”

E. Taxation

The following discussion of certain Cayman Islands, PRC and United States federal income tax considerations of an investment in Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change or differing interpretation, possibly with retroactive effect. This summary does not deal with all possible tax consequences relating to an investment in our Class A ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People’s Republic of China and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Conyers Dill & Pearman, our counsel as to Cayman Islands law, and to the extent it relates to PRC tax law, it represents the opinion of Jingtian & Gongcheng, our counsel as to PRC law.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or holders of our ordinary shares levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands.

The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on our shares, debentures or other obligations.

The undertaking for us is for a period of 20 years from May 24, 2018.

PRC Taxation

Income Tax and Withholding Tax

In March 2007, the National People's Congress of China enacted the EIT Law, which became effective on January 1, 2008 (as amended in December 2018). The EIT Law provides that enterprises organized under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered PRC resident enterprises and therefore subject to EIT at the rate of 25% on their worldwide income. The Implementing Rules of the EIT Law further defines the term "de facto management body" as the management body that exercises substantial and overall management and control over the business, personnel, accounts and properties of an enterprise.

In April 2009, the SAT issued the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is deemed to be located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not offshore enterprises controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises.

According to Circular 82, a Chinese-controlled enterprise which is incorporated offshore will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to EIT on its global income only if all of the following conditions are satisfied:

- the primary location of the day-to-day operational management and the places where they perform their duties are in the PRC;
- decisions relating to the enterprise's financial and human resources matters are made or are subject to the approval of organizations or personnel in the PRC;
- the enterprise's primary assets, accounting books and records, company seals and board and shareholders' resolutions are located or maintained in the PRC; and
- 50% or more of voting board members or senior executives habitually reside in the PRC.

Pursuant to the EIT Law and the EIT Implementation Rules, except as otherwise provided by relevant tax treaties with the PRC government, dividends paid by foreign-invested investment enterprises to foreign investors which are non-resident enterprises and which have not established or operated premises in the PRC, or which have established or operated premises but where their income has no de facto relationship with such establishment or operation of premises shall be subject to a withholding tax of 10%.

The Circular 45 further clarifies certain issues related to the determination of tax resident status. Circular 45 also specifies that when provided with a resident Chinese-controlled, offshore-incorporated enterprise's copy of its recognition of residential status, a payer does not need to withhold a 10% income tax when paying certain PRC-source income, such as dividends, interest and royalties to such Chinese-controlled offshore-incorporated enterprise. For more detailed information, see "Item 3.D. Key Information—Risk Factors—Risks Relating to Conducting Business in China—We may be subject to EIT on our worldwide income if our company or any of our subsidiaries were considered a PRC "resident enterprise" under the PRC Enterprise Income Tax Law (the "EIT Law")."

We believe that our Cayman Islands holding company, Ebang International Holdings Inc., is not a PRC resident enterprise for PRC tax purposes. Ebang International Holdings Inc. is a company incorporated outside China. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside China. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For the same reasons, we believe our other entities outside China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” There can be no assurance that the PRC government will ultimately take a view that is consistent with our position and there is a risk that the PRC tax authorities may deem our company as a PRC resident enterprise since a substantial majority of the members of our management team are located in China, in which case we would be subject to EIT at the rate of 25% on worldwide income. If the PRC tax authorities determine that our Cayman Islands holding company is a “resident enterprise” for EIT purposes, a number of unfavorable PRC tax consequences could follow.

One example is a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares. It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

According to the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Public Notice 7, which was promulgated by the SAT and became effective on February 3, 2015, as amended on December 29, 2017, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by transfer of the equity interests of an offshore holding company (other than a purchase and sale of shares issued by a PRC resident enterprise in the public securities market) without a reasonable commercial purpose, PRC tax authorities have the power to reassess the nature of the transaction and the indirect equity transfer may be treated as a direct transfer. As a result, the gain derived from such transfer, which means the equity transfer price less the cost of equity, will be subject to PRC withholding tax at a rate of up to 10%.

Under the terms of SAT Public Notice 7, a transfer which meets all of the following circumstances shall be directly deemed as having no reasonable commercial purposes if:

- over 75% of the value of the equity interests of the offshore holding company are directly or indirectly derived from PRC taxable properties;
- at any time during the year before the indirect transfer, over 90% of the total properties of the offshore holding company are investments within PRC territories, or in the year before the indirect transfer, over 90% of the offshore holding company’s revenue is directly or indirectly derived from PRC territories;
- the function performed and risks assumed by the offshore holding company are insufficient to substantiate its corporate existence; or
- the foreign income tax imposed on the indirect transfer is lower than the PRC tax imposed on the direct transfer of the PRC taxable properties.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprises Income Tax at Source, or SAT Bulletin 37, which took effect on December 1, 2017, and subsequently amended on June 15, 2018. SAT Bulletin 37 purports to provide further clarifications by setting forth the definitions of equity transfer income and tax basis, the foreign exchange rate to be used in the calculation of the withholding amount and the date on which the withholding obligation arises.

Specifically, SAT Bulletin 37 provides that where the transfer income subject to withholding at source is derived by a non-PRC resident enterprise in instalments, the instalments may first be treated as recovery of costs of previous investments. Upon recovery of all costs, the tax amount to be withheld must then be computed and withheld.

There is uncertainty as to the application of SAT Public Notice 7 and SAT Bulletin 37. SAT Public Notice 7 and SAT Bulletin 37 may be determined by the PRC tax authorities to be applicable to transfers of our shares that involve non-resident investors, if any of such transactions were determined by the tax authorities to lack a reasonable commercial purpose.

As a result, we and our non-resident investors in such transactions may become at risk of being taxed under SAT Public Notice 7 and SAT Bulletin 37, and we may be required to comply with SAT Public Notice 7 and SAT Bulletin 37 or to establish that we should not be taxed under the general anti-avoidance rule of the EIT Law. This process may be costly and have a material adverse effect on our financial condition and results of operations.

Value-added Tax

Under the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax to Replace Business Tax, or Circular 36, which was promulgated by the Ministry of Finance and the SAT on March 23, 2016 and became effective on May 1, 2016, as amended on April 1, 2019, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay value added tax, or VAT, instead of business tax.

According to the Circular 36, our PRC subsidiaries and consolidated affiliated entity are subject to VAT, at a rate of 6% to 17% on proceeds received from customers and are entitled to a refund for VAT already paid or borne on the goods purchased by it and utilized in the production of goods or provisions of services that have generated the gross sales proceeds.

According to the Circular of the Ministry of Finance and the SAT on Adjusting Value-added Tax Rates promulgated on April 4, 2018, and effective 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% tax rates are lowered to 16%.

According to the Circular on Policies to Deepen Value-added Tax Reform promulgated by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019, and effective April 1, 2019, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 16% and 10% tax rates are lowered to 13% and 9% respectively.

Certain Material U.S. Federal Income Tax Considerations

The following discussion is a summary of certain material U.S. federal income tax considerations relating to the ownership and disposition of our Class A ordinary shares by a U.S. Holder, as defined below, that acquires the Class A ordinary shares and holds the Class A ordinary shares as “capital assets” (generally, property held for investment) under Section 1221 of the United States Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon existing U.S. federal income tax law as of the date of this annual report, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the U.S. Internal Revenue Service (the “IRS”), with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular investors in light of their individual circumstances, including investors subject to special tax rules (such as, for example, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, taxpayers that elect mark-to-market treatment, partnerships for U.S. federal income tax purposes and their partners or investors, subchapter S corporations, grantor trusts, personal holding companies, tax-exempt organizations (including private foundations), investors who are not U.S. Holders, investors that own (directly, indirectly, or constructively) ordinary shares representing 5% or more of all classes of our stock (by vote or by value), investors that hold their Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction, or investors that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any U.S. federal estate, gift or other non-income tax considerations, state, local, or non-U.S. tax considerations, the alternative minimum tax, or the Medicare contribution tax on net investment income. Each potential investor is urged to consult its tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of an investment in the Class A ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our Class A ordinary shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or other entity or arrangement treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (3) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (4) a trust (a) the administration of which is subject to the primary supervision of a U.S. court and which has one or more United States persons (within the meaning of Section 7701(a)(30) of the Code) who have the authority to control all substantial decisions of the trust or (b) that has otherwise elected to be treated as a United States person under the Code.

If a partnership (including any entity or arrangement treated as a partnership) for U.S. federal income tax purposes is a beneficial owner of our Class A ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our Class A ordinary shares are urged to consult their tax advisors regarding an investment in our Class A ordinary shares.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes for any taxable year if either (1) 75% or more of its gross income for such year consists of certain types of “passive” income (the “income test”) or (2) 50% or more of the value of its assets (generally based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income (the “asset test”). There are uncertainties under current law with respect to the classification of certain assets as passive or non-passive for purposes of the asset test. In particular, there is no definitive guidance on the treatment of cash that is being held for the purpose of future investment in non-passive income generating activities. Proposed regulations treat cash as a passive asset, with certain limited exceptions. However, such regulations have not been finalized and are not currently effective. The company’s unbooked intangibles associated with non-passive business activities may generally be classified as non-passive assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

While we are of the view that we are not currently a PFIC, there is no assurance that can be given in this regard. The determination of whether we have been or will be a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in our public offerings. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming a PFIC may substantially increase. In addition, because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive (including with respect to our cash on hand) or our valuation of our tangible and intangible assets, each of which may result in our becoming a PFIC for the current or other taxable years. If we were classified as a PFIC for any year during which a U.S. Holder held our ordinary shares, we generally would continue to be treated as a PFIC for all succeeding years during which such U.S. Holder held our ordinary shares even if we cease to be a PFIC in subsequent years, unless certain elections are made.

If we are treated as a PFIC for any taxable year, the U.S. federal income tax considerations that apply generally are discussed under “Passive Foreign Investment Company Rules.”

Dividends

Subject to the PFIC rules described below, any distributions (including constructive distributions of the amount of any tax withheld) paid on the Class A ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includable in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder. Because we do not intend to determine our earnings and profits under U.S. federal income tax principles, you should assume that any distribution will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on the Class A ordinary shares will not be eligible for the dividends received deduction allowed to qualifying corporations under the Code. Under current law, a non-corporate recipient of dividend income will generally be subject to tax on dividend income from a “qualified foreign corporation” at the preferential rates applicable to “qualified dividend income” rather than the marginal tax rates generally applicable to ordinary income, provided that certain holding period and other requirements are met.

A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) will generally be considered to be a qualified foreign corporation (1) if it is eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and that includes an exchange of information program, or (2) with respect to any dividend it pays on stock that is readily tradable on an established securities market in the United States, including the Nasdaq Global Select Market, on which our Class A ordinary shares are currently listed. We intend, but cannot assure you, that Class A ordinary shares will continue to be considered readily tradable on an established securities market in the United States and that we may be a qualified foreign corporation with respect to dividends paid on the Class A ordinary shares. However, there can be no assurance that the Class A ordinary shares will continue to be considered readily tradable on an established securities market in any taxable year. In the event we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law (see “—PRC Taxation”), we may be eligible for the benefits of the Agreement Between the Government of the United States of America and the Government of the People’s Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income, or the United States-PRC income tax treaty (that the Secretary of the Treasury of the United States has determined is satisfactory for this purpose). U.S. Holders are urged to consult their tax advisors regarding the availability of the preferential tax rate on dividends in their particular circumstances.

For U.S. foreign tax credit purposes, dividends paid on the Class A ordinary shares will generally be treated as income from foreign sources and will generally constitute passive category income. If we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on the Class A ordinary shares. A U.S. Holder may be eligible, subject to complex limitations, to claim a foreign tax credit in respect of certain foreign taxes imposed on dividends received on the Class A ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax imposed may instead claim a deduction for U.S. federal income tax purposes in respect of such tax, but only for a year in which such holder elects to do so for all creditable foreign taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of Ordinary Shares

Subject to the PFIC rules discussed below, a U.S. Holder will generally recognize capital gain or loss, if any, upon the sale or other disposition of Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder’s adjusted tax basis in such Class A ordinary shares. Any capital gain or loss will be long-term capital gain or loss if the Class A ordinary shares have been held for more than one year and will generally be U.S. source gain or loss for U.S. foreign tax credit purposes. Long-term capital gains of non-corporate U.S. Holders are currently eligible for preferential rates of taxation. If we are treated as a PRC resident enterprise under the Enterprise Income Tax Law, and gain from the disposition of the ordinary shares is subject to tax in the PRC (see “—PRC Taxation”), such gain may be treated as PRC source gain for foreign tax credit purposes under the United States-PRC income tax treaty. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of the Class A ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the Class A ordinary shares, unless the U.S. Holder makes one of certain elections (as described below), the U.S. Holder will, except as discussed below, be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC in subsequent taxable years, on (1) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Class A ordinary shares), and (2) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of Class A ordinary shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder's holding period for the Class A ordinary shares;
- the amount of the excess distribution or gain allocated to the taxable year of distribution or gain and to any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each such taxable year, a pre-PFIC year) will be taxable as ordinary income;
- the amount of the excess distribution or gain allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the individuals or corporations, as appropriate, for that year, and will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such year.

If we are a PFIC for any taxable year during which a U.S. Holder holds the Class A ordinary shares and any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to any of our lower-tier PFICs.

If we are a PFIC for any taxable year during which a U.S. Holder holds the Class A ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding taxable years during which the U.S. Holder holds the Class A ordinary shares, unless we were to cease to be a PFIC and the U.S. Holder makes a "deemed sale" or "purging" election with respect to the Class A ordinary shares. If such election is made, the U.S. Holder will be deemed to have sold its Class A ordinary shares at their fair market value and any gain from such deemed sale would be subject to the rules described in the preceding two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the Class A ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, the U.S. Holder will not be subject to the rules described above with respect to any "excess distribution" the U.S. Holder receives from us or any gain from an actual sale or other disposition of the Class A ordinary shares. Each U.S. Holder is strongly urged to consult its tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to the U.S. Holder.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to the Class A ordinary shares, provided that the Class A ordinary shares are "regularly traded" (as specially defined in the applicable United States Treasury Regulations), such as on the Nasdaq Global Select Market, which is a qualified exchange or other market for these purposes. We expect that our Class A ordinary shares will be treated as marketable stock upon their listing on the Nasdaq Global Select Market, but no assurances can be given in this regard. If a mark-to-market election is made, the U.S. Holder will generally (1) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of Class A ordinary shares held at the end of the taxable year over the U.S. Holder's adjusted tax basis in such Class A ordinary shares and (2) deduct as an ordinary loss the excess, if any, of the U.S. Holder's adjusted tax basis in the Class A ordinary shares over the fair market value of such Class A ordinary shares held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the Class A ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election in any year that we are a PFIC, any gain recognized upon the sale or other disposition of the Class A ordinary shares will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the mark-to-market gain or loss described above during any period that such corporation is not classified as a PFIC.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder who makes a mark-to-market election with respect to the Class A ordinary shares may continue to be subject to the general PFIC rules with respect to such U.S. Holder's indirect interest in any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests that is classified as a PFIC.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

As discussed above under "Dividends," dividends that we pay on the Class A ordinary shares will not be eligible for the preferential tax rate that applies to qualified dividend income if we are classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. In addition, if a U.S. Holder owns the Class A ordinary shares during any taxable year that we are a PFIC, the holder must file an annual information return with the IRS. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax consequences of purchasing, holding, and disposing Class A ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

Information Reporting and Backup Withholding

Certain U.S. Holders are required to report information to the IRS relating to an interest in "specified foreign financial assets" (as defined in the Code), including shares issued by a non-United States corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds \$50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a U.S. financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, U.S. Holders may be subject to information reporting to the IRS and backup withholding with respect to dividends on and proceeds from the sale or other disposition of the Class A ordinary shares. Information reporting will generally apply to payments of dividends on, and to proceeds from the sale or other disposition of, Class A ordinary shares by a paying agent within the United States to a U.S. Holder, other than U.S. Holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, Class A ordinary shares within the United States to a U.S. Holder (other than U.S. Holders that are exempt from backup withholding and properly certify their exemption) if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. Holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Any amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, if any. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the United States information reporting rules to their circumstances.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the short-swing profit recovery provisions contained in Section 16 of the Exchange Act and our principal shareholders are also exempt from the reporting provisions contained in Section 16 of the Exchange Act.

I. Subsidiary information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***Concentration of Credit Risk***

Financial instruments that potentially expose us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. We place our cash and cash equivalents with financial institutions with high credit ratings and quality.

We conduct credit evaluations of customers, and generally do not require collateral or other security from our customers. We establish an allowance for credit losses primarily based upon the age of the receivables and factors surrounding the credit risk of specific customers.

Liquidity Risk

Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources.”

Currency Risk

We have subsidiaries in multiple countries which operate in local currencies. Our reporting currency is denominated in U.S. dollars. We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate. Thus, our revenues and results of operations may be impacted by exchange rate fluctuations between RMB, Hong Kong dollars, Euros, Australian dollars and U.S. dollars. We had currency transaction loss of US\$2.3 million and US\$0.8 million in 2023 and 2025 and currency translation gains of US\$0.9 million in 2024 recognized in other comprehensive gain, respectively, as a result of changes in the exchange rate.

Inflation

To date, inflation in China and Hong Kong has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2023, 2024 and 2025 were a decrease of 0.3%, an increase of 0.1% and 0.8%, respectively, and according to the Census and Statistics Department of Hong Kong, the year-over-year percent changes in the consumer price index for December 2023, 2024 and 2025 were increases of 2.4%, 1.4% and 1.4%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China or Hong Kong experiences higher rates of inflation in the future.

According to the Australian Bureau of Statistics, the year-over-year percent changes in the consumer price index for December 2023, 2024 and 2025 were increases of 4.1%, 2.4% and 3.8%, respectively. The inflation increment has led to a significant increase in our overseas business personnel recruitment and raw material procurement costs. If we are unable to pass on the increase in production costs to our customers, our profitability may decline, and our operating results may be significantly adversely affected by continued rising inflation.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt securities

Not applicable.

B. Warrants and rights

Not applicable.

C. Other securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

A. Defaults

No matters to report.

B. Arrears and delinquencies

No matters to report.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

On November 20, 2022, at 8:00 a.m. (Singapore Time), we convened an extraordinary general meeting of shareholders (the “EGM”). At the EGM, our shareholders approved the following ordinary resolution:

THAT with immediate effect upon passing, every thirty (30) issued and unissued Class A Ordinary Shares and Class B Ordinary Shares of the Company of HK\$0.001 each (the “Existing Shares”) be consolidated into one (1) share of HK\$0.03 each (each a “Consolidated Share”), such Consolidated Shares shall rank pari passu in all respects with each other, so that following the Share Consolidation the authorised share capital of the Company will be changed from HK\$380,000.00 divided into 380,000,000 Ordinary Shares of a par value of HK\$0.001 each consisting of (i) 333,374,217 Class A Ordinary Shares of a par value of HK\$0.001 each, and (ii) 46,625,783 Class B Ordinary Shares of a par value of HK\$0.001 each, to HK\$380,000.00 divided into 12,666,666.66 Ordinary Shares of a par value of HK\$0.03 each of which (i) 11,112,473.90 Class A Ordinary Shares are designated as Class A Ordinary Shares of a par value of HK\$0.03 each, and (ii) 1,554,192.76 Class B Ordinary Shares are designated as Class B Ordinary Shares of a par value of HK\$0.03 each (the “Share Consolidation”).

THAT all fractional entitlements to the issued Consolidated Shares resulting from the Share Consolidation will be issued to the shareholders of the Company and the Board shall be authorised to settle as it considers expedient any difficulty resulting from the Share Consolidation and to further deal as the Board in its discretion and as it considers expedient, as appropriate, the treatment of all such issued fractional shares arising on a post-consolidation basis.

See “Item 10—Additional Information—B. Memorandum and Articles of Association—Ordinary Shares” for a description of the rights of securities holders.

Use of Proceeds

In June 2020, we completed our initial public offering in which we offered and sold an aggregate 642,145 (19,264,337 before the Share Consolidation) of our Class A ordinary shares, at an initial offering price of US\$156.90 (US\$5.23 before the Share Consolidation) per Class A ordinary share. The registration statement on Form F-1, as amended (File No. 333-237843), in connection with the initial public offering was declared effective by the SEC on June 25, 2020. AMTD Global Markets Limited, Loop Capital Markets LLC and Prime Number Capital LLC were the representatives of the underwriters for our initial public offering. We received net proceeds of approximately US\$91.7 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The total expenses incurred for our company’s account in connection with our initial public offering was approximately US\$9.1 million, which included US\$7.1 million in underwriting discounts and commissions for the initial public offering and approximately US\$2 million in other costs and expenses for our initial public offering. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds we received from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates. For the period from June 25, 2020 to December 31, 2025, we had used approximately US\$77 million of the net proceeds received from our initial public offering for (i) expansion of overseas business and new businesses, including establishing research and development centers, taking selling and marketing initiatives overseas, developing renewable energy business, and electrical power equipment and component manufacturing, (ii) development and introduction of new mining machines, (iii) corporate branding and marketing activities, and (iv) general corporate purposes, including working capital needs and other corporate uses. We still intend to use the balance of the net proceeds from our initial public offering as disclosed in the registration statement.

From November 2020 to April 2021, we received net proceeds of an aggregate of approximately US\$209 million through follow-on public offerings in connection with three registration statements on Form F-1, as amended (File Nos. 333-249647, 333-252804 and 333-254787, respectively). The offerings were priced at US\$156.9, US\$150.00 and US\$183.00 (US\$5.25, US\$5.00 and US\$6.1 before the Share Consolidation) per unit, respectively, with each unit consisting of one Class A ordinary share and one warrant to purchase one-half of one Class A ordinary share. The registration statements were declared effective by the SEC on November 17, 2020, February 10, 2021 and March 31, 2021, respectively. The total expenses incurred for our company's account in connection with these offerings were approximately US\$14.4 million, which included US\$13.4 million in placement agent fees and approximately US\$1 million in other costs and expenses for these offerings. Univest Securities, LLC was the placement agent for these offerings. None of the transaction expenses in connection with these offerings included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds we received from these follow-on public offerings were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates. For the period from November 17, 2020 to December 31, 2025, we had used approximately US\$119 million of the net proceeds received from our follow-on offerings for (i) development and application of blockchain technology into financial services, (ii) research, development, production and sales of ASICs and equipment related to cryptocurrencies, (iii) establishment of compliant cryptocurrency mining farms, (iv) establishment and operation of Fintech service platforms, (v) corporate branding and marketing activities, and (vi) general corporate purposes, which may include working capital needs and other corporate uses. We still intend to use the net proceeds from such offerings as disclosed in their respective registration statements.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As of December 31, 2025, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). There are inherent limitations to the effectiveness of any disclosure controls and procedures system, including the possibility of human error and circumventing or overriding them. Even if effective, disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives.

Based on such evaluation, our management has concluded that our disclosure controls and procedures were not effective as of December 31, 2025 and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, failed to provide reasonable assurance that the information we are required to disclose in the reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management to allow timely decisions regarding required disclosures.

B. Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our management evaluated the effectiveness of our internal control over financial reporting, as required by Rule 13a-15(c) of the Exchange Act, based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was not effective as of December 31, 2025 due to a material weakness identified in our internal control over financial reporting as described below.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Internal Control Over Financial Reporting

During the audit of our financial statements for the year ended December 31, 2025, one material weakness was identified in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified is related to the lack of sufficient accounting personnel with appropriate experience and knowledge in financial reporting in accordance with U.S. GAAP.

We are in the process of implementing a number of measures to improve our internal control over financial reporting to address the material weakness identified, including: (1) we have hired financial personnel with U.S. GAAP experience, and will continue to engage suitable personnel, as well as a Chief Financial Officer (CFO) and a Senior Financial Reporting Manager with relevant U.S. GAAP and SEC reporting experience and qualifications, to strengthen our financial reporting function and establish a financial and system control framework, (2) formalizing and standardizing our accounting and financial reporting control procedures and policies to improve the quality and accuracy of the period end financial closing process, and (3) enhancing an internal audit function as well as engaging an external consulting firm to help us assess our compliance readiness under rule 13a-15 of the Exchange Act and improve overall internal control.

However, we cannot assure you that we will remediate our material weakness in a timely manner. The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We incur significant costs and demands upon management and accounting and finance resources as a result of complying with the laws and regulations affecting public companies; if we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements and otherwise make timely and accurate public disclosure could be impaired, which could harm our operating results, our ability to operate our business and our reputation.” Additionally, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses.

C. Attestation Report of the Registered Public Accounting Firm

This annual report on Form 20-F does not include an attestation report of internal controls from our independent registered public accounting firm. We ceased to qualify as an “emerging growth company” pursuant to the JOBS Act on December 31, 2025. However, since our public float was not over \$75 million as of June 30, 2025, we are exempted from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 for the assessment of our internal control over financial reporting as of December 31, 2025.

D. Changes in Internal Control over Financial Reporting

Subject to the above, there were no other changes in the Company’s internal control over financial reporting that occurred during the year ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. Audit committee financial expert

We have determined that Yanqing Gao, Tingjie Lyu and Mingming Su are independent, as such term is defined under SEC rules applicable to foreign private issuers. In addition, Mr. Gao is regarded as an audit committee financial expert.

ITEM 16B. Code of Ethics

We have adopted a code of ethics applicable to the board of directors and all employees. Since its effective date on April 24, 2020, we have not waived compliance with or amended the code of ethics.

ITEM 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by MaloneBailey, LLP, our independent registered public accounting firm, for the periods indicated.

| | <u>2025</u> | <u>2024</u> |
|--------------------|--------------------------|--------------------------|
| Audit fees | \$ 602,550 | \$ 669,500 |
| Audit related fees | - | - |
| Tax fees | - | - |
| All other fees | - | - |
| Total | <u>\$ 602,550</u> | <u>\$ 669,500</u> |

Audit Fees

Audit fees are fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. It includes the audits of our consolidated financial statements, services that normally would be provided by the accountant in connection with statutory and regulatory filings or engagements, and other services that generally only the independent accountant reasonably can provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the Commission.

Audit-Related Fees

Audit-related fees are the aggregate fees billed for professional services rendered by our principal external auditor, which are reasonably related to the audit or review of our financial statements but are not categorized under "Audit fees".

Tax Fees

Tax fees are fees billed for professional services for tax compliance, tax advice and tax planning.

All Other Fees

All other fees represent the aggregate fees billed in each of the fiscal years listed for services rendered by the principal accountant for the audit of our annual financial statements other than services reported under "Audit Fees," "Audit-related fees," and "Tax fees."

Pre-Approval Policies and Procedures

Following the listing of our Class A ordinary shares on Nasdaq, the Audit Committee oversees the auditor selection process for new auditors and ensures key partners in the appointed firm are rotated in accordance with best practices. Also, following our Nasdaq listing, the Audit Committee is required to pre-approve the audit and non-audit fees and services performed by the Company's auditors in order to be sure that the provision of such services does not impair the audit firm's independence.

All of the audit fees, audit-related fees and tax fees described in this item 16C have been approved by the Audit Committee.

ITEM 16D. Exemptions from the listing standards for audit committees

None.

ITEM 16E. Purchases of equity securities by the issuer and affiliated purchasers.

None.

ITEM 16F. Change in registrant's certifying accountant

Not applicable.

ITEM 16G. Corporate governance

We are a "foreign private issuer" (as such term is defined in Rule 3b-4 under the Exchange Act), and our Class A ordinary shares are listed on the Nasdaq Global Select Market. The Nasdaq Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. For instance, we are not required to:

- have a majority of the board be independent (although all of the members of the audit committee must be independent under the Exchange Act);
- have a compensation committee or a nominations or corporate governance committee consisting entirely of independent directors;
- have an annual general meeting of shareholders each year; or
- have regularly scheduled executive sessions with only independent directors each year.

We have relied on and intend to continue to rely on some of these exemptions.

ITEM 16H. Mine safety disclosure

Not applicable.

ITEM 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

ITEM 16J. Insider Trading Policies

Our board of directors has adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management and employees. A copy of our insider trading policy is included as an exhibit to this annual report.

ITEM 16K. Cybersecurity***Cybersecurity Risk Management and Strategy***

Safeguarding the Company's information systems, assets, data, intellectual property and network infrastructure and ensuring that risks related to cybersecurity threats are appropriately managed is essential to maintaining a consistently high level of service experience for our clients; the confidentiality, integrity and availability of our information systems; and the trust of our stakeholders, as well as meeting applicable regulatory requirements. We have implemented a multi-faceted cybersecurity risk management framework, which is integrated in our overall enterprise risk management system and processes.

Our cybersecurity team is tasked with assessing, identifying and managing risks related to cybersecurity threats and, under the leadership of our Chief Executive Officer, is responsible for:

- proactive detection and assessment of threats and vulnerabilities through vulnerability testing, penetration testing and attack simulation;
- development of risk-based action plans to manage identified vulnerabilities and implementation of new protocols and infrastructure improvements;
- cybersecurity incident investigations, with the assistance of third-party experts as required;
- monitoring threats to sensitive data and unauthorized access to Company systems, with assistance of third-party data loss prevention software and a third-party security operations center;
- performing cybersecurity risk assessments of key vendors and counterparties to ensure compliance with our and our clients' cybersecurity standards;
- developing and executing protocols to ensure that information regarding cybersecurity incidents is promptly shared with our Chief Executive Officer, executive leadership team, audit committee and board of directors, as appropriate, to allow for risk and materiality assessments and to consider disclosure and notice requirements;
- developing and implementing periodic training on cybersecurity, information security and threat awareness; and
- collaborating with law enforcement and other companies on cybersecurity incidents and best practices.

There were no material cybersecurity incidents during the year ended December 31, 2025, that resulted in an interruption to our operations, known losses of any critical data or otherwise had a material impact on the Company's strategy, financial condition or results of operations. However, the scope and impact of any future incident cannot be predicted.

Role of Management

Our Chief Executive Officer, Dong Hu, leads management's assessment, identification and management of risks related to cybersecurity threats and receives regular briefings on cybersecurity matters from the cybersecurity team, including results of vulnerability testing and remediation, cyber incident response and progress on cybersecurity infrastructure initiatives. Mr. Hu has over 26 years of experience in the network communication and computing industry. See "Item 6A—Directors and Senior Management" for more information on Mr. Hu's expertise.

Role of the Board of Directors

Our board of directors recognizes the importance of robust cybersecurity management programs and is actively engaged in overseeing and reviewing the Company's cybersecurity risk profile and exposures. Our board of directors has delegated the oversight of our process for assessing, identifying and managing material risks related to cybersecurity threats to the audit committee.

The responsibilities of the audit committee include reviewing the cybersecurity threat landscape facing the Company, as well as our strategy, policies and procedures to mitigate cybersecurity risks and any significant cybersecurity incidents. The audit committee also considers the impact of emerging cybersecurity developments and regulations that may affect the Company.

The audit committee and the board of directors meet periodically with relevant members of management who provide reports on cybersecurity matters including, among others: recent external cybersecurity threats and attack trends; updates to threat monitoring processes; the composition of our cybersecurity team; cybersecurity awareness training and stress testing; cybersecurity strategy; cybersecurity metrics, assessments and peer ratings; and cybersecurity programs. The audit committee has also directed management to inform the committee promptly and, when appropriate the board of directors, of any investigation of a material cybersecurity incident. Where an update has not been provided directly to the board of directors, the audit committee provides the full board of directors with updates on cybersecurity risks and incidents and other matters as needed, and reports to the board of directors on an ad hoc basis with respect to material incidents and other developments that the audit committee believes should have the board of directors' consideration. The audit committee and the board of directors may, from time to time, engage third party advisors and experts, and meet with the Company's external advisors on cybersecurity matters, as appropriate.

PART III

ITEM 17. Financial statements

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. Financial statements

Financial Statements are filed as part of this annual report, see pages F-1 to F-35 to this annual report.

ITEM 19. Exhibits

| Exhibit no. | Description |
|--------------------|--|
| 1.1 | Second Amended and Restated Memorandum of Association and Articles of Association of the Registrant, as currently in effect (incorporated herein by reference to Exhibit 3.1 to the Report of Foreign Private Issuer on Form 6-K, furnished with the Securities and Exchange Commission on December 22, 2021) |
| 2.1 | Form of Warrant (November 2020 Offering) (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-249647), as amended, initially filed with the Securities and Exchange Commission on October 23, 2020) |
| 2.2 | Form of Warrant (February 2021 Offering) (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-252804), as amended, initially filed with the Securities and Exchange Commission on February 5, 2021) |
| 2.3 | Form of Warrant (February 2021 Inducement) (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-253784), initially filed with the Securities and Exchange Commission on March 2, 2021) |
| 2.4 | Form of Warrant (April 2021 Offering) (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-254787), as amended, initially filed with the Securities and Exchange Commission on March 26, 2021) |
| 2.5 | Description of Securities |
| 4.1 | Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-237843), as amended, initially filed with the Securities and Exchange Commission on June 17, 2020) |
| 4.2 | Form of Employment Agreement between the Registrant and each of its executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-237843), as amended, initially filed with the Securities and Exchange Commission on June 17, 2020) |
| 4.3 | Form of Securities Purchase Agreement (November 2020 Offering) (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-249647), as amended, initially filed with the Securities and Exchange Commission on October 23, 2020) |
| 4.5 | Form of Securities Purchase Agreement (February 2021 Offering) (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-252804), as amended, initially filed with the Securities and Exchange Commission on February 5, 2021) |
| 4.7 | Form of Securities Purchase Agreement (April 2021 Offering) (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-254787), as amended, initially filed with the Securities and Exchange Commission on March 26, 2021) |
| 4.9 | Amended and Restated 2020 Share Incentive Plan (incorporated by reference to Exhibit 10.1 to the registration statement on Form S-8 (File No. 333-257787), filed with the Securities and Exchange Commission on July 9, 2021) |
| 4.10 | Form of Restricted Share Award Agreement under the Amended and Restated 2020 Share Incentive Plan (incorporated herein by reference to Exhibit 4.10 to the Annual Report on Form 20-F, filed with the Securities and Exchange Commission on April 28, 2023) |
| 4.11 | 2021 Share Incentive Plan (incorporated herein by reference to Appendix A to the Registrant's Proxy Statement, attached as Exhibit 99.1 to the Report of Foreign Private Issuer on Form 6-K, furnished with the Securities and Exchange Commission on November 15, 2021) |
| 4.12 | Form of Restricted Share Award Agreement under the 2021 Share Incentive Plan (incorporated herein by reference to Exhibit 4.12 to the Annual Report on Form 20-F, for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission on April 28, 2023) |
| 8.1 | List of significant subsidiaries and consolidated affiliated entity of the Registrant |
| 11.1 | Insider Trading Policy (incorporated herein by reference to Exhibit 11.1 to the Annual Report on Form 20-F, for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on April 26, 2024) |
| 12.1 | Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1 | Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002* |
| 15.1 | Consent of Conyers Dill and Pearman |
| 15.2 | Consent of Jingtian & Gongcheng |
| 15.3 | Consent of MaloneBailey, LLP, Independent Registered Public Accounting Firm |
| 97.1 | Clawback Policy (incorporated herein by reference to Exhibit 97.1 to the Annual Report on Form 20-F, for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on April 26, 2024) |
| 101.INS | Inline XBRL Instance Document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

EBANG INTERNATIONAL HOLDINGS INC.

By: /s/ Dong Hu

Name: Dong Hu

Title: Chief Executive Officer and
Chief Financial Officer

Date: April 24, 2026

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Ebang International Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ebang International Holdings Inc. and its subsidiaries (collectively, the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ MaloneBailey, LLP
www.malonebailey.com

We have served as the Company’s auditor since 2019.

Houston, Texas

April 24, 2026

EBANG INTERNATIONAL HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
(Stated in US dollars)

| | <u>Notes</u> | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|--------------|------------------------------|------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | | \$ 200,191,726 | \$ 213,822,331 |
| Restricted cash, current | | 31,155 | 580,019 |
| Short-term investments | 4 | 6,169,815 | 4,906,760 |
| Accounts receivable, net | 6 | 1,099,081 | 1,586,766 |
| Advances to suppliers | | 477,748 | 70,312 |
| Inventories, net | 7 | 3,642,958 | 597,116 |
| Prepayments | | 729,713 | 322,382 |
| VAT recoverable, current | | 87,505 | 3,203,198 |
| Other current assets, net (include \$126,920 and nil due from a related party as of December 31, 2025 and 2024, respectively) | | 3,758,291 | 5,676,953 |
| Total current assets | | <u>216,187,992</u> | <u>230,765,837</u> |
| Non-current assets: | | | |
| Property, plant and equipment, net | 8 | 29,804,484 | 29,907,181 |
| Intangible assets, net | 9 | 2,196,854 | 3,339,664 |
| Operating lease right-of-use assets | 14 | 3,608,497 | 3,348,442 |
| Operating lease right-of-use assets - related party | 14/18 | 69,486 | 40,081 |
| Restricted cash, non-current | | 796,786 | 602,178 |
| Goodwill | 3 | - | 1,277,789 |
| VAT recoverable, non-current | | 1,468,819 | 766,587 |
| Other assets | | 2,635,010 | 5,756,224 |
| Total non-current assets | | <u>40,579,936</u> | <u>45,038,146</u> |
| Total assets | | <u>\$ 256,767,928</u> | <u>\$ 275,803,983</u> |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | | \$ 436,119 | \$ 286,099 |
| Accrued liabilities and other payables (include \$126,920 and nil due to a related party as of December 31, 2025 and 2024, respectively) | 10 | 6,310,237 | 10,367,210 |
| Operating lease liabilities, current | 14 | 1,105,514 | 1,114,377 |
| Operating lease liabilities - related party, current | 14/18 | 48,252 | 29,961 |
| Advances from customers | | 14,812 | 55,403 |
| Total current liabilities | | <u>7,914,934</u> | <u>11,853,050</u> |
| Non-current liabilities: | | | |
| Operating lease liabilities, non-current | 14 | 3,430,152 | 2,877,122 |
| Operating lease liabilities – related party, non-current | 14/18 | 21,234 | 10,120 |
| Other non-current liability | | 357,403 | 376,841 |
| Deferred tax liabilities | 11 | 3,379 | 326,452 |
| Total non-current liabilities | | <u>3,812,168</u> | <u>3,590,535</u> |
| Total liabilities | | <u>11,727,102</u> | <u>15,443,585</u> |
| Equity: | | | |
| Class A ordinary share, HKD0.03 par value, 11,112,474 shares authorized, 4,989,746 shares issued, 4,726,424 shares outstanding as of December 31, 2025 and 2024 ⁽¹⁾ | 12 | 18,178 | 18,178 |
| Class B ordinary share, HKD0.03 par value, 1,554,192 shares authorized, issued and outstanding as of December 31, 2025 and 2024 ⁽¹⁾ | 12 | 5,978 | 5,978 |
| Additional paid-in capital | | 396,090,766 | 396,454,715 |
| Statutory reserves | 15 | 11,079,649 | 11,079,649 |
| Accumulated deficit | | (149,185,245) | (135,091,716) |
| Accumulated other comprehensive loss | | (13,777,506) | (12,874,020) |
| Total Ebang International Holdings Inc. shareholders' equity | | <u>244,231,820</u> | <u>259,592,784</u> |
| Non-controlling interest | | 809,006 | 767,614 |
| Total equity | | <u>245,040,826</u> | <u>260,360,398</u> |
| Total liabilities and equity | | <u>\$ 256,767,928</u> | <u>\$ 275,803,983</u> |

- (1) As of December 31, 2025 and 2024, 263,322 reserved for future issuance upon the vesting of RSAs granted under the 2020 Plan were considered issued but not outstanding. See Note 12.

The accompanying notes are an integral part of these consolidated financial statements

EBANG INTERNATIONAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Stated in US dollars)

| | Notes | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|-------|---|---|---|
| Product revenue | | \$ 793,047 | \$ 1,179,404 | \$ 782,349 |
| Service revenue | | 5,743,940 | 4,689,367 | 4,072,832 |
| Total revenues | 16 | 6,536,987 | 5,868,771 | 4,855,181 |
| Cost of revenues | | 6,142,141 | 4,679,085 | 21,558,986 |
| Gross profit (loss) | | 394,846 | 1,189,686 | (16,703,805) |
| Operating expenses: | | | | |
| Selling expenses | | 536,562 | 1,107,048 | 1,893,607 |
| General and administrative expenses | | 22,733,520 | 30,455,530 | 29,041,432 |
| Impairment of intangible assets | 3/9 | 1,096,816 | - | 3,708,247 |
| Impairment of goodwill | 3 | 1,327,457 | - | 2,299,628 |
| Total operating expenses | | 25,694,355 | 31,562,578 | 36,942,914 |
| Gain on disposal of subsidiaries | 19 | - | - | 7,524 |
| Loss from operations | | (25,299,509) | (30,372,892) | (53,639,195) |
| Other income (expenses): | | | | |
| Interest income | | 8,513,402 | 11,371,783 | 11,941,453 |
| Other income | | 167,841 | 328,360 | 1,131,178 |
| (Loss) gain from investment | | (508,155) | 382,896 | 356,996 |
| Net (loss) gain on disposal of cryptocurrencies | | - | (374,964) | 744,803 |
| Exchange gain (loss) | | 3,078,562 | (2,169,880) | 456,647 |
| Government grants | | 39,121 | 52,191 | 62,600 |
| Other expenses | | (477,443) | (126,208) | (119,531) |
| Total other income | | 10,813,328 | 9,464,178 | 14,574,146 |
| Loss before income taxes benefit | | (14,486,181) | (20,908,714) | (39,065,049) |
| Income taxes benefit | 11 | (320,983) | (42,545) | (1,031,461) |
| Net loss | | (14,165,198) | (20,866,169) | (38,033,588) |
| Less: net loss attributable to non-controlling interest | | (71,669) | (615,118) | (1,261,445) |
| Net loss attributable to Ebang International Holdings Inc. | | \$ (14,093,529) | \$ (20,251,051) | \$ (36,772,143) |
| Comprehensive loss | | | | |
| Net loss | | \$ (14,165,198) | \$ (20,866,169) | \$ (38,033,588) |
| Other comprehensive loss: | | | | |
| Foreign currency translation adjustment | | (790,425) | 917,303 | (2,278,915) |
| Total comprehensive loss | | (14,955,623) | (19,948,866) | (40,312,503) |
| Less: comprehensive income (loss) attributable to non-controlling interest | | 41,392 | (710,883) | (1,377,803) |
| Comprehensive loss attributable to Ebang International Holdings Inc. | | \$ (14,997,015) | \$ (19,237,983) | \$ (38,934,700) |
| Net loss per ordinary share attributable to Ebang International Holdings Inc. | | | | |
| Basic | 5 | \$ (2.24) | \$ (3.22) | \$ (5.86) |
| Dilute | 5 | \$ (2.24) | \$ (3.22) | \$ (5.86) |
| Weighted average ordinary shares outstanding | | | | |
| Basic | 5 | 6,280,616 | 6,280,616 | 6,275,118 |
| Diluted | 5 | 6,280,616 | 6,280,616 | 6,275,118 |

The accompanying notes are an integral part of these consolidated financial statements

EBANG INTERNATIONAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Stated in US dollars)

| | Class A Ordinary Shares ⁽¹⁾ | | Class B Ordinary Shares | | Additional Paid-in Capital | Statutory Reserves | Accumulated Deficit | Accumulated Other Comprehensive Loss | Non- controlling Interest | Total Equity |
|--|---|-----------|----------------------------|----------|----------------------------------|-----------------------|------------------------|---|---------------------------------|-----------------|
| | Number of Shares | Amount | Number of Shares | Amount | | | | | | |
| Balance, January 1, 2023 | 4,700,852 | \$ 18,080 | 1,554,192 | \$ 5,978 | \$397,620,927 | \$11,079,649 | \$ (78,068,522) | \$ (11,724,531) | \$ 2,856,300 | \$321,787,881 |
| Issuance of vested restricted share awards | 25,572 | 98 | - | - | (98) | - | - | - | - | - |
| Share-based compensation | - | - | - | - | (153,034) | - | - | - | - | (153,034) |
| Net loss | - | - | - | - | - | - | (36,772,143) | - | (1,261,445) | (38,033,588) |
| Foreign currency translation adjustment | - | - | - | - | - | - | - | (2,162,557) | (116,358) | (2,278,915) |
| Balance, December 31, 2023 | 4,726,424 | \$ 18,178 | 1,554,192 | \$ 5,978 | \$397,467,795 | \$11,079,649 | \$ (114,840,665) | \$ (13,887,088) | \$ 1,478,497 | \$281,322,344 |
| Share-based compensation | - | - | - | - | (1,013,080) | - | - | - | - | (1,013,080) |
| Net loss | - | - | - | - | - | - | (20,251,051) | - | (615,118) | (20,866,169) |
| Foreign currency translation adjustment | - | - | - | - | - | - | - | 1,013,068 | (95,765) | 917,303 |
| Balance, December 31, 2024 | 4,726,424 | \$ 18,178 | 1,554,192 | \$ 5,978 | \$396,454,715 | \$11,079,649 | \$ (135,091,716) | \$ (12,874,020) | \$ 767,614 | \$260,360,398 |
| Share-based compensation | - | - | - | - | (363,949) | - | - | - | - | (363,949) |
| Net loss | - | - | - | - | - | - | (14,093,529) | - | (71,669) | (14,165,198) |
| Foreign currency translation adjustment | - | - | - | - | - | - | - | (903,486) | 113,061 | (790,425) |
| Balance, December 31, 2025 | 4,726,424 | \$ 18,178 | 1,554,192 | \$ 5,978 | \$396,090,766 | \$11,079,649 | \$ (149,185,245) | \$ (13,777,506) | \$ 809,006 | \$245,040,826 |

(1) As of December 31, 2025, 2024 and 2023, 263,322, 263,322 and 263,322 shares reserved for future issuance upon the vesting of RSAs granted under the 2020 Plan were considered issued but not outstanding, respectively. See Note 12.

The accompanying notes are an integral part of these consolidated financial statements.

EBANG INTERNATIONAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in US dollars)

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss | \$ (14,165,198) | \$ (20,866,169) | \$ (38,033,588) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and amortization expenses | 2,554,235 | 2,601,044 | 3,519,859 |
| Net provision for (reversal of) credit losses | 296,987 | (1,052,143) | 975,114 |
| Reversal of share-based compensation expenses | (363,949) | (1,013,080) | (153,034) |
| Loss on disposal of property, plant and equipment | 103,941 | 3,694 | 478,849 |
| Loss on disposal of intangible assets | - | - | 200,000 |
| Inventory write-down | 49,476 | 272,316 | 340,186 |
| Loss (gain) on short-term investment | 508,155 | (382,896) | (356,996) |
| Impairment of goodwill | 1,327,457 | - | 2,299,628 |
| Deferred income taxes | (320,983) | (42,545) | (1,031,461) |
| Impairment of property, plant and equipment | - | - | 57,117 |
| Impairment of intangible assets | 1,096,816 | - | 3,708,247 |
| Impairment of VAT recoverable | 2,391,242 | - | 16,688,647 |
| Loss from cybersecurity event | - | - | 2,251,551 |
| Noncash lease expenses | 1,048,615 | 1,446,952 | 1,835,542 |
| (Gain) loss from modification of lease contract | (17,424) | 15,334 | - |
| (Gain) loss on foreign currency transactions | (3,078,562) | 2,169,880 | (456,647) |
| Loss (gain) on disposal of cryptocurrencies | - | 374,964 | (744,803) |
| Gain on disposal of subsidiaries | - | - | (7,524) |
| Changes in assets and liabilities: | | | |
| Accounts receivable, net | 260,007 | 49,129 | 2,612,509 |
| Inventories, net | (2,753,317) | (191,030) | (122,326) |
| Advances to suppliers | (395,405) | 20,400 | 229,246 |
| VAT recoverable | 125,155 | (33,836) | (133,790) |
| Prepayments and other current assets, net | 4,042,281 | 1,722,176 | 956,970 |
| Other assets | 221,214 | 474,554 | (323,279) |
| Accounts payable | 144,400 | (112,408) | (1,130,842) |
| Other non-current liability | (34,786) | 382,678 | - |
| Advances from customers | (41,497) | (11,976) | (916,451) |
| Accrued liabilities and other payables | (2,043,999) | (3,440,917) | (4,272,841) |
| NET CASH USED IN OPERATING ACTIVITIES | (9,045,139) | (17,613,879) | (11,530,117) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of property, plant and equipment | (4,497,134) | (223,106) | (985,794) |
| Proceeds from disposal of property, plant and equipment | 184,717 | 15,251 | - |
| Cash paid for short-term investments | (17,110,774) | (36,286,215) | - |
| Collections from short-term investments | 16,056,425 | 31,635,910 | 5,694,982 |
| Purchase of cryptocurrencies | - | - | (9,162,886) |
| Proceeds from disposal of cryptocurrencies | - | - | 7,199,398 |
| Prepayment for property, plant and equipment | - | (4,716,030) | (123,000) |
| Payments for business combination, net of cash acquired | - | (317,395) | - |
| Cash from disposal of subsidiaries, net of cash disposed of | - | - | 7,524 |
| NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES | (5,366,766) | (9,891,585) | 2,630,224 |
| EFFECT OF FOREIGN EXCHANGE ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH | | | |
| | 427,044 | (410,170) | (407,061) |
| NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (13,984,861) | (27,915,634) | (9,306,954) |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR | 215,004,528 | 242,920,162 | 252,227,116 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR | \$ 201,019,667 | \$ 215,004,528 | \$ 242,920,162 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | | |
| Cash paid for: | | | |
| Interest | \$ - | \$ - | \$ - |
| Income taxes | \$ - | \$ - | \$ - |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | | |
| Liabilities assumed in connection with purchase of property, plant and equipment | \$ - | \$ 2,131 | \$ 34,596 |
| Reduction of PPE cost and AP due to contract settlement | \$ 3,188,367 | \$ - | \$ - |

| | | | |
|--|--------------|--------------|--------------|
| Operating lease right-of-use assets obtained in exchange for operating lease liabilities | \$ 1,119,621 | \$ 273,213 | \$ 1,801,664 |
| Remeasurement of the lease liabilities and right-of-use assets due to lease modification | \$ 136,855 | \$ 1,350,538 | \$ 320,911 |
| Issuance of vested restricted share awards | \$ - | \$ - | \$ 98 |

Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets

| | | | |
|---|-----------------------|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 200,191,726 | \$ 213,822,331 | \$ 241,634,262 |
| Restricted cash, current | 31,155 | 580,019 | 88,614 |
| Restricted cash, non-current | 796,786 | 602,178 | 1,197,286 |
| Total cash, cash equivalents and restricted cash | \$ 201,019,667 | \$ 215,004,528 | \$ 242,920,162 |

The accompanying notes are an integral part of these consolidated financial statements.

EBANG INTERNATIONAL HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. Dollars, unless stated otherwise)

Note 1 – Nature of business and organization

Ebang International Holdings Inc. (“Ebang International”) was incorporated on May 17, 2018, as a holding company, as an exempted company with limited liability in the Cayman Islands. Ebang International principally engages in providing cross-border payment and foreign exchange services and cryptocurrency exchange services (collectively referred to as financial technology, or “Fintech” services), selling solar and battery storage products and related accessories, and manufacturing and selling telecommunication products.

Ebang International and its consolidated subsidiaries are collectively referred to herein as the “Company”, “we” and “us”, unless specific reference is made to an entity.

Corporate Structure

Ebang International Holdings Inc. is a holding company incorporated in the Cayman Islands that does not have substantive operations. We conduct our businesses through our subsidiaries. As of December 31, 2025, the principal subsidiaries of the Company consist of the following entities:

| Name | Background | Ownership |
|--|---|--|
| Ebang Communications (HK) Technology Limited (“HK Ebang Communications”), formerly known as Hong Kong Bite Co., Ltd. | <ul style="list-style-type: none"> • A Hong Kong company • Incorporated on February 12, 2016 • Principally for the trading of renewable energy products | 100% owned by Ebang International through its subsidiaries |
| Zhejiang Ebang Communication Technology Co., Ltd. (“Zhejiang Ebang”)* | <ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on January 21, 2010 • Principally holding our businesses in the research, development, design and manufacture of renewable energy products | 99.9986% owned by Ebang International through its subsidiaries |
| Zhejiang Ebang Information Technology Co., Ltd. (“Ebang IT”) ** | <ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on August 11, 2010 • Principally for the design, manufacture and sale of telecommunications and blockchain processing equipment | 99.9964% owned by Ebang International through its subsidiaries |
| Hangzhou Ebang Shengye Technology Co., Ltd. (“Hangzhou Ebang Shengye”) | <ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on November 22, 2023 • Principally for providing rental services | 99.9964% owned by Ebang International through its subsidiaries |
| Ebonex Australia Pty Ltd (“Ebonex Australia”) | <ul style="list-style-type: none"> • An Australia company • Incorporated on April 22, 2021 • Principally for operating the cryptocurrency exchange platform | 100% owned by Ebang International through its subsidiaries |
| Ebonfx Australia Pty Ltd (“Ebonfx Australia”), formerly known as Compass Global Holdings Pty Ltd | <ul style="list-style-type: none"> • An Australia company • Acquired on March 21, 2022 • Principally for operating the cross-border payment and foreign exchange business | 100% owned by Ebang International through its subsidiaries |
| Redback Operations Pty Ltd (“Redback Operations”) | <ul style="list-style-type: none"> • An Australia company • Acquired on November 8, 2024 • Principally for solar and battery storage solutions | 100% owned by Ebang International through its subsidiaries |
| Luceo Australia Pty Ltd (“Luceo Australia”) | <ul style="list-style-type: none"> • An Australia company • Acquired on November 8, 2024 • Principally for SaaS data visualization and analytics solutions | 100% owned by Ebang International through its subsidiaries |

* The portion of the income or loss applicable to the non-controlling interest in Zhejiang Ebang, Ebang IT and Hangzhou Ebang Shengye are immaterial and are not reflected in the consolidated statements of operations and comprehensive loss.

** Ebang IT was deregistered on September 26, 2025.

Note 2 – Summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for information pursuant to the rules and regulations of the SEC.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Reclassification

Certain immaterial prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on net earnings and financial position and had immaterial impact on cash flows.

Non-controlling Interest

Non-controlling interest on the consolidated balance sheets is primarily from the consolidation of Hangzhou Dewang, a 51.05% owned subsidiary, and Hangzhou Yijiaxin IC Design Co., Ltd. (“Hangzhou Yijiaxin”), a wholly-owned subsidiary of Hangzhou Dewang, which became effectively 51.05% owned by the Company. The portion of the income or loss applicable to the non-controlling interest in the subsidiaries are reflected in the consolidated statements of operations and comprehensive loss.

Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and revenues and expenses during the reporting periods. Significant accounting estimates for the years ended December 31, 2024 and 2023 reflected in the Company’s consolidated financial statements include the impairment of goodwill and an intangible asset recognized from a business combination specifically related to the impairment of goodwill and an intangible asset recorded in fiscal year 2023 and the determination of fair value of an identified intangible asset recognized from a business combinations transaction closed in fiscal year 2024. Other accounting estimates include, but not limited to, estimates for inventory write-down, share-based compensation, useful lives of long-lived assets, credit losses, income taxes including valuation allowance for deferred tax assets, implicit interest rate of operating leases, and impairment of long-lived assets and goodwill other than impairment of an intangible asset and goodwill recognized from a business combination in fiscal year 2023, which is considered as a significant accounting estimate. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

Foreign currency translation and transaction

The accompanying consolidated financial statements are presented in the United States dollar (“\$, or US\$”), which is the reporting currency of the Company. The functional currency of HK Ebang Communications, HK Ebang Information, all US and BVI entities is United State dollars, the functional currency of Ebang International, HK Ebang Technology is Hong Kong dollar (“HKD”), the functional currency of the PRC subsidiaries is Renminbi (“RMB”), the functional currency of the Australian entities is Australian dollar (“AUD”), and the functional currencies of the remaining subsidiaries are generally the local currencies used in the countries where these subsidiaries are incorporated.

Assets and liabilities denominated in currencies other than the reporting currency are translated into the reporting currency at the rates of exchange ruling at the balance sheet date. Revenues, costs and expenses are translated at the average rates for the annual period. Translation gains and losses are recognized in the consolidated statements of operations and comprehensive loss as other comprehensive loss. Transactions in currencies other than the reporting currency are measured and recorded in the reporting currency at the exchange rate prevailing on the transaction date. The cumulative gain or loss from foreign currency transactions is reflected in the consolidated statements of operations and comprehensive loss as exchange gain (loss).

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and time deposits placed with banks or other financial institutions and have original maturities of less than three months.

Restricted cash

Restricted cash mainly represents the bank deposit pledged in exchange for bank guarantee services related to the Company’s performance of product repairment under factory warranty and the Company’s lease of certain office space. Restricted cash also includes the Company’s payment regarding the security for the defendant’s cost associated with a legal matter where the Company is the plaintiff. As of December 31, 2025 and 2024 the Company had restricted cash balance of US\$827,941 and US\$1,182,197, respectively.

Short-term investments

The Company’s short-term investments primarily consist of wealth management products with certain financial institutions, which are subject to variable rates of return or not principal-guaranteed. These investments are classified as available-for-sale debt securities and reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive loss on the consolidated balance sheets, if any. Realized gains and losses from the sale of available-for-sale debt securities are determined on an aggregate approach basis and are included in the consolidated statements of operations and comprehensive loss.

Short-term investments also include investments in marketable securities, which are accounted for under ASC 321 and reported at their readily determinable fair values as quoted by market exchanges with changes in fair value recognized in earnings.

Current expected credit losses

The Company's financial assets, primarily accounts receivable and other receivable, are within the scope of ASC Topic 326. The Company has identified the relevant risk characteristics of its customers or counterparties and the related receivables, which include type of the products and services the Company provides, nature of the customers or counterparties, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company's receivables. Additionally, external data and macroeconomic factors are also considered.

For the years ended December 31, 2025, 2024 and 2023, the Company recorded a net credit loss (reversal of credit loss) on other receivable of US\$35,465, US\$(1,129,096) and US\$1,279,226, respectively, and a net credit loss (reversal of credit loss) on accounts receivable of US\$261,522, US\$76,953 and US\$(304,112), respectively.

Inventories, net

Inventories consist of finished goods, work in process, and raw materials. Inventories are stated at the lower of cost or net realizable value. Cost of inventory is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving and obsolete inventory, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. The Company takes ownership, risks and rewards of the products purchased.

Business combination

The Company accounts for its business combination using the acquisition method of accounting in accordance with ASC 805, "*Business Combinations*". The purchase price of the acquisition is allocated to the assets, liabilities, identifiable intangible assets acquired, and non-controlling interest, if any, based on their estimated fair values as of the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses are expensed as incurred. Consideration transferred in a business acquisition is measured at fair value as of the date of acquisition. Transaction costs directly attributable to the acquisition are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination. In accordance with ASC Topic 350, Goodwill and Other Intangible Assets ("ASC 350"), recorded goodwill amounts are not amortized, but rather assessed for impairment annually or more frequently if there are indicators of impairment present, applying a fair-value based test.

When performing the annual impairment test, the Company has the option of performing a qualitative or quantitative assessment to determine if an impairment has occurred. If a qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than the carrying amount, the Company would be required to perform a quantitative impairment analysis for goodwill. The quantitative analysis requires a comparison of fair value of the reporting unit to the carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The fair value is generally determined using the income approach. For the years ended December 31, 2025, 2024 and 2023, the Company recognized US\$1,327,457, nil and US\$2,299,628 impairment of goodwill, respectively.

Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

| | |
|------------------------|---|
| Buildings | 20 years |
| Land | Not depreciated |
| Computer software | 10 years |
| Leasehold improvements | Over the shorter of the lease term or expected useful lives |
| Office equipment | 3-5 years |
| Motor vehicles | 5 years |
| Mechanical equipment | 3-10 years |

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in the consolidated statements of operations and comprehensive loss. Expenditures for maintenance and repairs are charged to earnings as incurred, while additions, renewals and betterments, which are expected to extend the useful life of assets, are capitalized.

Construction in progress represents assets under construction. All direct costs relating to the construction are capitalized as construction in progress. Construction in progress is not depreciated until the asset is placed in service.

Cryptocurrencies

Cryptocurrencies are included in other assets in the consolidated balance sheets due to the Company primarily holds cryptocurrencies for long-term price appreciation and plans to sell them to support operations as needed. Purchases and sales of cryptocurrencies for fiat currency are classified as investing activities in the Company's consolidated statements of cash flows. The Company retains all cryptocurrencies received from operations and may periodically make strategic disposal of the cryptocurrencies held. The balance of cryptocurrency is immaterial as of December 31, 2024 and there is no outstanding cryptocurrencies balance as of December 31, 2025.

As a result of adopting ASC 350-60, Intangibles — Goodwill and Other, (“ASC 350-60”) on January 1, 2025 following modified retrospective method, cryptocurrencies are measured at fair value as of each reporting period. The fair value of cryptocurrencies are measured using the period-end closing price from the principal market in accordance with ASC 820, Fair Value Measurement (“ASC 820”). The changes in cryptocurrencies valuation due to remeasurement in fair value within each reporting period are included in other income or expenses in the consolidated statements of operations and comprehensive loss. In accordance with ASC 350-60, the Company discloses realized gains and losses from the sale of cryptocurrencies and such gains and losses are measured as the difference between the cash proceeds and the cost basis of cryptocurrencies as determined using first-in-first-out method. The adoption of ASC 350-60 had immaterial impact on the Company’s prior years’ consolidated financial statements. For the year ended 2025, the changes in cryptocurrencies valuation and realized gains and losses were immaterial.

Intangible assets, net

The Company’s intangible assets with finite useful lives primarily consist of non-patent technology and land use right. The Company typically amortizes its intangible assets with finite useful lives on a straight-line basis over the shorter of the contractual terms or the estimated useful lives.

The intangible assets acquired in connection with business combinations are recognized and measured at fair value at the time of acquisition. See Note 3.

According to the law of PRC, the government owns all the land in the PRC. Companies or individuals are authorized to possess and use the land only through land use rights granted by the Chinese government for a specified period of time. The Company amortizes its land use rights using the straight-line method over the periods the rights are granted.

The estimated useful lives are as follows:

| | |
|--------------------|----------------|
| Land use right | 50 years |
| Software | 18 - 65 months |
| Technologies | 1 - 10 years |
| Patents | 2 - 10 years |
| Licence | 20 years |
| Long-term contract | 9.25 years |

Impairment of long-lived assets other than goodwill

Long-lived assets, including property, plant and equipment, right-of-use assets and intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognizes an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from the disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, the Company would reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values.

Fair value measurement

The accounting standard regarding the fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value. Unobservable inputs reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities:

(1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The carrying amounts of the Company's current assets and current liabilities except for short-term investments and operating lease liability – related party, current are reported in the consolidated balance sheets at face value or cost, which approximate fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rates of interest.

The Company's non-financial assets, including intangible assets, goodwill and property, plant and equipment are measured at fair value when an impairment charge is recognized.

The financial asset carried at fair value on a recurring basis as of December 31, 2025 and 2024 is as follows:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Balance |
|-------------------------|---|--|--|--------------------------|
| Short-term investments | | | | |
| As of December 31, 2025 | \$ 109,887 | \$ 6,059,928 | - | \$ 6,169,815 |
| As of December 31, 2024 | \$ 215,375 | \$ 4,691,385 | \$ - | \$ 4,906,760 |

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated. It is not, however, practical to determine the fair value of amounts due from/to related parties due to their related party nature.

Revenue recognition

The Company accounts for its revenue in accordance with ASC 606, Revenue from Contracts with Customers ("Topic 606") for all periods presented. Consistent with the criteria of Topic 606, the Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services to the extent the Company deems the collection of such consideration is probable. Value-added tax that the Company collects concurrent with revenue-producing activities is excluded from revenue.

Product revenue

The Company generates product revenue from the sale of Bitcoin mining machines and related accessories, telecommunication products and solar and battery storage products and related accessories.

Product revenue - Bitcoin mining machines and related accessories

The Company generates product revenue from the sale of Bitcoin mining machines and related accessories directly to a customer, such as a business or individual engaged in Bitcoin mining activities. The Company recognizes revenue at a point in time when the control of the products has been transferred to customers. The transfer of control is considered complete when products have been picked up by or shipped to customers. The Company's sales arrangements for Bitcoin mining machines usually require a full prepayment before the delivery of products. The advance payment is not considered a significant financing component because the period between the Company transfers a promised good to a customer and when the customer pays for that good is short. The Company also offers credit sales to certain customers and the payment terms under credit sales generally consist of full payment of consideration within one year after the shipping date.

Product revenue - Telecommunication products

The Company generates revenue from the sale of telecommunication products directly to a customer, such as a business or individual engaged in telecommunication businesses. The Company recognizes revenue at a point in time when products are delivered and customer acceptance is received. For the sales arrangements of telecommunications products, the Company generally requires payment upon issuance of invoices.

Product revenue - Solar and battery storage products and related accessories

The Company generates revenues from providing customers with solar and battery storage products by selling to customers renewable energy products and related accessories, which primarily consisting of inverters, batteries and related parts and accessories. The Company recognizes revenue at a point in time when products are picked up by the customers or handed over to the carrier upon leaving the warehouse according to the terms agreed with customers.

The Company elected to account for shipping and handling fees that occur after the customer has obtained control of goods, for instance, free on board shipping point arrangements, as a fulfillment cost and accrues for such costs. The Company provides assurance-type warranty for the products sold, and the repairment cost incurred was immaterial for the year ended December 31, 2025. The Company records losses associated with assurance-type warranty when a loss is probable and can be reasonably estimated.

Service revenue

The Company generates service revenue mainly from the cross-border payment and foreign exchange services, cryptocurrency exchange services, SaaS data visualization and analytics solutions and rental services.

Service revenue - Cross-border payment and foreign exchange services

The Company generates revenue from cross-border payment and foreign exchange services started from March 2022 in connection with the acquisition of Ebonfx Australia Pty Ltd. See Note 3.

For the majority of the cross-border payment and foreign exchange services, customers agree to terms and conditions for all transactions, either at the time of initiating a transaction or signing a contract with the Company to provide payment services to the customers. Revenue is measured as the difference between the exchange rate set by the Company to the customer and a rate available in the wholesale foreign exchange market. The Company executes the transaction and makes payments to the recipient to satisfy its performance obligation to the customer, and therefore, the Company recognizes revenue at a point in time when this performance obligation has been fulfilled.

Service revenue - Cryptocurrency exchange services

The Company generates revenue from cryptocurrency exchange service by facilitating the customers' cryptocurrency transactions via the Company's proprietary exchange platform or through an offline, over-the-counter ("OTC") transaction facilitation process. The Company acts as an agent in the transactions and presents revenue for the fees earned on a net basis.

Cryptocurrency exchange transactions were matched on the Company's proprietary exchange platform when a customer submits an offer to buy, sell, or convert cryptocurrencies, and another customer accepts and settles that offer. The Company charges a service fee in fiat currency or cryptocurrencies at transaction level in amount calculated based on volume which varies depending on the payment type and the value of the transaction. The Company also conducts cryptocurrency exchange services through its OTC execution typically by acting as an agent and providing transaction matching to the customers' offers through the utilization of liquidity providers. In the case when a customer raises the need to buy cryptocurrencies, the Company will help the customer to look for a matching need to sell the same quantity of cryptocurrencies from a liquidity provider. When the Company finds such a liquidity provider, the Company asks for the selling rate, and applies a margin to the rate and offer to the customer. If the customer agrees to the rate, the Company facilitates the transaction. Revenue generated from the transaction matching through OTC facilitation is measured to be the margin applied to the rate set by the liquidity provider and the transaction price is charged and collected in fiat currency. The Company considers its performance obligation satisfied and recognizes revenue at a point in time when the transaction is processed. Contracts with customers are usually open-ended and can be terminated by either party without a termination penalty. Therefore, contracts are defined at the transaction level and do not extend beyond the service already provided. The Company does not provide refunds, concession, or reversal of a completed transaction.

Judgment is required in determining whether the Company is the principal or the agent in transactions among customer or between customers and liquidity providers. The Company evaluates the presentation of revenue on a gross or net basis based on whether it controls the cryptocurrency provided before it is transferred to the customer (gross) or whether it acts as an agent by arranging for another customer or a liquidity provider to provide the cryptocurrency to the customer (net). The Company does not control the cryptocurrency being provided before it is transferred to the buyer and does not have inventory risk related to the cryptocurrency. The Company also does not set the price for the cryptocurrency as the price involved in the transaction is a market or a negotiated rate between customers or parties. As a result, the Company acts as an agent in facilitating the ability for a customer to purchase cryptocurrencies from another customer.

The Company commenced the cryptocurrency exchange business in 2022. For the years ended December 31, 2025, 2024 and 2023, the revenue generated from the cryptocurrency exchange services was primarily from the transaction matching facilitated through OTC execution.

Service – SaaS data visualization and analytics solutions

The Company generates revenues from SaaS data visualization and analytics solutions by providing a visualized platform for energy utility companies to monitor and analyze energy use and power quality.

Revenue is recognized over time as the services are continuously rendered throughout the contract period, as the customer simultaneously receives and consumes the benefits provided by the Company. Revenue is measured based on the contractual terms.

Service revenue – rental services

The Company started to generate lease revenue in 2024 by leasing its constructed building to customers. Lease revenue is recognized under ASC 842. See Note 2 “Lease, from the perspective as a lessor” for more discussion.

Revenue disaggregation

Management has concluded that the disaggregation level is the same under both the revenue standard and the segment reporting standard. Revenue under the segment reporting standard is measured on the same basis as under the revenue standard. See Note 16 for information regarding revenue disaggregation by revenue streams and countries.

Contract balances

The Company classifies its right to consideration in exchange for products or services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional as compared to a contract asset which is a right to consideration that is conditional upon factors other than the passage of time. The Company recognizes accounts receivable in its consolidated balance sheets when it performs a service in advance of receiving consideration and has the unconditional right to receive consideration. A contract asset is recorded when the Company has transferred services to the customer before payment is received or is due, and the Company’s right to consideration is conditional on future performance or other factors in the contract. As of December 31, 2025 and 2024, the Company had no contract assets.

Contract liabilities are recorded when consideration is received from a customer prior to transferring the products or services to the customer or other conditions under the terms of a sales contract. As of December 31, 2025 and 2024 and 2023 the Company recorded contract liabilities of US\$14,812, US\$55,403 and US\$69,361 respectively, which were presented as advances from customers on the accompanying consolidated balance sheets. During the years ended December 31, 2025, 2024 and 2023, US\$56,257, US\$68,237 and US\$1,209 of revenue was recognized from the contract liabilities balance as of December 31, 2025, 2024 and 2023, respectively.

Segment reporting

The Company uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s chief operating decision maker (“CODM”) for making operating decisions and assessing performance as the source for determining the Company’s reportable segments. The Company’s CODM has been identified as the chief executive officer of the Company who regularly reviews entity-wide financial information based on U.S. GAAP and measures the performance of the Company as a whole by analyzing segment profitability based on the consolidated net income (loss) when making decisions about allocating resources and assessing performance of its businesses, and hence, the Company has determined that it has only one operating segment. The measure of segment assets is reported on the balance sheet as total assets. There are no other expense categories except for cost of revenues regularly provided to the CODM that are not already included in the primary financial statements herein. The accounting policies of the segment are the same as those described in the summary of significant accounting policies. See Note 16.

Selling and handling expenses

Selling and handling costs amounted to US\$483, US\$2,195 and US\$6,630 for the years ended December 31, 2025, 2024 and 2023, respectively. Selling and handling costs are expensed as incurred and included in selling expenses.

General and administrative expenses

General and administrative expenses consist primarily of research and development expenses, salary and welfare for general and administrative personnel, rental expenses, depreciation and amortization associated with general and administrative personnel, allowance for credit losses, impairment of intangible assets, entertainment expenses, general office expenses and professional service fees.

The Company recognizes research and development expenses when incurred. Research and development expenses amounted to US\$4,092,060, US\$5,425,946 and US\$7,401,430 for the years ended December 31, 2025, 2024 and 2023, respectively.

Lease

From the perspective as a lessee

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, operating lease liability, current, and operating lease liability, non-current in the Company’s consolidated balance sheets. ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. For the initial measurement of the lease liabilities, the Company uses the discount rate as of the commencement date of the lease, incorporating the entire lease term. Operating lease liabilities related to lease payments due within one year and over are classified as current and non-current, respectively, in the consolidated balance sheets. The ROU asset is measured as the amount of the lease liabilities with adjustments, if applicable, for lease prepayments made prior to or at lease commencement, initial direct costs incurred and lease incentives. When determining the lease term, the Company includes options to extend or terminate the lease when it is reasonably certain that it will exercise that option, if any. As the Company’s leases do not provide an implicit rate, the Company used an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. For leases that have lease terms of 12 months or less and do not include a purchase option that is reasonably certain to exercise, the Company elected not to apply ASC 842 recognition requirements.

From the perspective as a lessor

The Company recognizes rental revenue under ASC 842, and all the lease contracts are operating leases. The Company has elected to exclude from revenue and expenses sales taxes and other similar taxes collected from its tenants. The Company leases office space for its customers and generates revenues from monthly rent in the form of rental fees. The Company has elected to account for the non-lease components with the lease component as a single component and the combined component is recognized under ASC 842. The price of each contract varies primarily based on the size of office space leased by the customers. The Company's lease contracts typically include a rent escalation clause and the periodic payment amount is fixed in the contracts. The Company recognizes rental revenue upon the Company provides the customers access to the office space. Rental revenue is recognized over the lease term on a straight-line basis, subject to a collectability assessment, with the difference between the contractual rental receipts and the straight-line amounts included in accounts receivable. The leases typically do not have renewal options, and a penalty is imposed if the customers early terminate the leases. Renewal of contracts is on a negotiation basis before termination.

Prior to moving into an office, customers are generally required to provide the Company with a rental retainer in amount specified in the terms of the lease agreements. The retainer typically cannot be applied against the customers' unpaid balance of rental or other fees.

Future minimum undiscounted lease collections from the contracts existing as of December 31, 2025 were as follows:

| | As of December 31, 2025 |
|--------------|--|
| 2026 | \$ 1,167,794 |
| 2027 | 1,167,794 |
| 2028 | 1,214,506 |
| 2029 | 1,214,506 |
| 2030 | 1,214,506 |
| Thereafter | 5,102,869 |
| Total | \$ 11,081,975 |

Government grants

Government grants represent cash subsidies received from PRC government. Cash subsidies that have no defined rules and regulations to govern the criteria necessary for companies to enjoy the benefits are recognized when received. Such subsidies are generally provided as incentives from the local government to encourage the expansion of local businesses. Total government grants received amounted to US\$39,121, US\$52,191 and US\$62,600 for the years ended December 31, 2025, 2024 and 2023, respectively.

Value-added taxes

Revenue is recognized net of value-added taxes ("VAT"). VAT is based on gross sales price and the VAT rate applicable to the Company is 17% for the period from the beginning of 2018 until the end of April 2018, then changed to 16% from May 2018 to the end of March 2019, and changed to 13% since April 2019. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded as VAT payable if output VAT is larger than input VAT and is recorded as VAT recoverable if input VAT is larger than output VAT. All of the VAT returns filed by the Company's subsidiaries in China, have been and remain subject to examination by the tax authorities. Furthermore, the Company's subsidiaries in China may be qualified to receive a refund on VAT for the excess input VAT after meeting certain prerequisites specified in relevant regulations prescribed by the State Tax Bureau of the PRC.

For the year ended December 31, 2025, the Company recorded impairment on VAT recoverable, current of US\$2.4 million, included in the cost of revenues and general and administrative expenses on the consolidated statements of operations and comprehensive loss. For the years ended December 31, 2024 and 2023, the Company recorded impairment on VAT recoverable, non-current of US\$ nil and US\$16.7 million, respectively, included in the cost of revenues on the consolidated statements of operations and comprehensive loss. The impairment of VAT recoverable incurred during the years ended December 31, 2025 and 2023 were primarily related to Hangzhou Ebang Shengye and Zhejiang Ebang, respectively, as the Company determined the VAT could not be recovered. The Company expects to use or receive the remaining VAT recoverable in future operations.

Income taxes

The Company accounts for current income taxes in accordance with the laws of the relevant tax authorities. The charge for taxation is based on the results for the fiscal year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are accounted for using the asset and liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provisioned in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. No penalties and interest incurred related to underpayment of income tax are classified as income tax expenses in the period incurred.

Comprehensive loss

Comprehensive loss consists of two components, net loss and other comprehensive loss. Other comprehensive loss refers to revenues, expenses, gains and losses that under GAAP are recorded as an element of shareholders’ equity but are excluded from net loss. Other comprehensive loss consists of a foreign currency translation adjustment resulting from the Company not using the United States dollar as its functional currency.

Loss per share

The Company computes loss per share (“EPS”) in accordance with ASC 260, “Earnings per Share”. ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net loss attributable to Ebang International Holdings Inc., divided by the weighted average ordinary share outstanding for the period. Diluted EPS presents the dilutive effect on a per-share basis of the potential ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Ordinary share equivalents are excluded from the computation of diluted loss per share if their effects would be anti-dilutive.

Statutory reserves

Pursuant to the laws applicable to the PRC, PRC entities must make appropriations from after-tax profit to the non-distributable “statutory surplus reserve fund”. Subject to certain cumulative limits, the “statutory surplus reserve fund” requires annual appropriations of 10% of after-tax profit until the aggregated appropriations reach 50% of the registered capital (as determined under accounting principles generally accepted in the PRC (“PRC GAAP”) at each year-end). For foreign-invested enterprises and joint ventures in the PRC, annual appropriations should be made to the “reserve fund”. For foreign-invested enterprises, the annual appropriation for the “reserve fund” cannot be less than 10% of after-tax profits until the aggregated appropriations reach 50% of the registered capital (as determined under PRC GAAP at each year-end). If the Company has accumulated loss from prior periods, the Company is able to use the current period net income after tax to offset the accumulated loss.

Concentration of credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places the cash and cash equivalents with financial institutions with high credit ratings and quality.

The Company conducts credit evaluations of customers and generally does not require collateral or other security from its customers. The Company establishes an allowance for credit losses primarily based upon various factors surrounding the credit risk of specific customers and general economic conditions. Refer to the current expected credit loss policy.

Recently issued accounting pronouncements

Recent Accounting Pronouncements Adopted

In December 2023, the FASB issued Accounting Standards Update No. 2023-08, Accounting for and Disclosure of Crypto Assets (“ASU 2023-08”), which requires entities that hold crypto assets to subsequently measure such assets at fair value with changes recognized in net income each reporting period. The guidance also requires crypto assets measured at fair value to be presented separately from other intangible assets on the balance sheet and changes in the fair value measurement of crypto assets to be presented separately on the income statement from changes in the carrying amounts of other intangible assets. The new standard is effective for the Company beginning December 15, 2024, with early adoption permitted. The Company has adopted ASC 2023-08 starting from January 1, 2025 and the adoption does not have a material impact to the overall financial presentation.

On December 14, 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 requires that entities disclose specific categories in their rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. The new standard is effective for the Group beginning December 15, 2024, with early adoption permitted. The amendments should be applied on a prospective basis and retrospective application is also permitted. The Group adopted ASU 2023-09 prospectively for the year ended December 31, 2025.

Recent Accounting Pronouncements Issued but not yet Adopted

In November 2024, the FASB issued ASU 2024-03, “Reporting Comprehensive Income — Expense Disaggregation Disclosures” (subsequently amended by ASU 2025-01), which focuses on improving the disclosures about a public business entity’s expenses and address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (such as cost of sales, SG&A, and research and development). ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard and does not expect that the adoption of this guidance will have a material impact on its financial position, results of operations and cash flows.

In July 2025, the FASB issued ASU No. 2025-05, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets”, which provides a practical expedient for estimating expected credit losses for current accounts receivable and current contract assets. This ASU is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years, with early adoption permitted. ASU No. 2025-05 should be applied prospectively. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures and expects no material change if adopting ASU No. 2025-05.

Note 3 – Business Acquisition and Goodwill

Impairment of goodwill and intangible assets related to entity acquired in 2022

As a result of the assessment over the operating results of Ebonfx Australia acquired in 2022, the Company recognized impairment loss on goodwill of US\$2,299,628 and the license of US\$3,708,247 during the year ended December 31, 2023. The Company used the income approach with the discounted cash flow valuation method to estimate the fair value of Ebonfx Australia, and used the multi-period excess earnings method to estimate the fair value of the license with the assistance of a third-party valuation specialist. The determination of fair value requires management to make significant estimates and assumptions related to forecasted revenues and cash flows and the discount rate.

Acquisitions in 2024

Redback Technologies Holdings Pty Ltd (“Redback Technologies”)

On November 8, 2024, the Company acquired 100% equity interests of Redback Technologies for a total consideration of approximately US\$2.9 million, consisting of cash consideration of AUD 750,000 (approximately US\$0.5 million) and the effective settlement of preexisting loans the Company lent to Redback Technologies prior to the acquisition of approximately AUD 3.7 million (approximately US\$2.4 million). Upon the acquisition, Redback Technologies became a consolidated subsidiary of the Company. The assets and liabilities of Redback Technologies were recorded at their respective estimated fair value as of the acquisition date.

The Company selected a convenience date of October 31, 2024 to account for the allocation of the purchase price, which was based on the fair value of assets and liabilities as of November 8, 2024. The Company evaluated the events between October 31, 2024 and November 8, 2024 and concluded the use of an accounting convenience date of October 31, 2024 did not have material impact on the results of operations or financial position.

The following table summarizes the purchase price allocation of the assets acquired, liabilities assumed and related deferred income tax assumed at the date of acquisition. The dollar amount presented in the table was based on the exchange rate of AUD 1.00 to US\$0.6571 on October 31, 2024.

| | Amount in US\$ |
|---|---------------------------|
| Cash and cash equivalents | 175,410 |
| Current assets | 1,171,940 |
| Operating lease right-of-use assets | 113,858 |
| Property, plant and equipment, net | 23,049 |
| Intangible assets | 41,334 |
| Identified intangible asset - technology | 1,260,924 |
| Identified intangible asset - long-term contracts | 5,257 |
| Total assets acquired | 2,791,772 |
| Current liabilities | (869,756) |
| Deferred tax liabilities | (316,545) |
| Total liabilities assumed | <u>(1,186,301)</u> |
| Net identifiable assets acquired | 1,605,471 |
| Cash consideration | 492,805 |
| Effective settlement of preexisting loans | 2,465,767 |
| Goodwill | <u><u>1,353,101</u></u> |

Goodwill, which is not tax deductible, is primarily attributable to the excess of the purchase consideration over the fair value of the net identifiable assets of the acquiree and is related to synergies expected to be achieved from the acquisition.

The determination of fair values involves the use of significant judgments and estimates. The judgments used to estimate the fair value assigned to assets acquired and liabilities assumed, as well as the significant assumptions, can materially impact the Company's consolidated financial statements. Significant assumptions used for the model include the forecasted operating cash flows and discount rate. The Company utilized the assistance of a third-party valuation firm to determine the fair value as of the date of acquisition.

The revenue and net loss since the acquisition date included in the consolidated statements of operations and comprehensive loss for the period ended December 31, 2024 were US\$417,623 and US\$713,231, respectively.

The following pro forma information summarizes the results of operations of the Company for the years ended December 31, 2024 and 2023, as if the acquisition had been completed on January 1, 2023. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been had the acquisition actually taken place on the date indicated and may not be indicative of future operating results. The pro forma information is adjusted for the elimination of internal transactions between the Company and Redback Technologies for the period ended December 31, 2024.

| | Years ended December 31, | |
|--------------------|---------------------------------|------------------|
| | 2024 | 2023 |
| | Unaudited | Unaudited |
| Pro forma revenues | \$ 9,397,779 | \$ 17,278,368 |
| Pro forma net loss | \$ 20,149,854 | \$ 40,586,990 |

Impairment of goodwill and intangible assets related to entity acquired

As a result of the assessment over the operating results of Redback Technologies, the Company fully impaired goodwill and technology in the amount of US\$1,327,457 and US\$1,096,816 during the year ended December 31, 2025.

Note 4 – Short-term investments

Short-term investments consist of the following:

| | As of December 31, 2025 | As of December 31, 2024 |
|----------------------------|--|--|
| Marketable securities | \$ 109,887 | \$ 215,375 |
| Wealth management products | 6,059,928 | 4,691,385 |
| Total | \$ 6,169,815 | \$ 4,906,760 |

The balances of wealth management products as of December 31, 2025 represent wealth management products with variable rates of return or non-principle-guaranteed purchased from commercial banks.

For the years ended December 31, 2025, 2024 and 2023, the unrealized loss related to investments in marketable securities was US\$105,489, US\$280,747 and US\$35,758, respectively.

For the years ended December 31, 2025, the unrealized gain associated with the wealth management products was US\$37,471. There was no unrealized gain or loss associated with the wealth management products as of December 31, 2024 and 2023. No impairment charges were recorded for the years ended December 31, 2025, 2024 and 2023.

Note 5 – Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue for the years ended December 31, 2025, 2024 and 2023.

The loss per share calculation for the years ended December 31, 2025, 2024 and 2023 excludes the following potentially dilutive ordinary shares:

| | Years ended December 31, | | |
|--|---------------------------------|----------------|----------------|
| | 2025 | 2024 | 2023 |
| Class A ordinary shares exercisable from warrants issued pursuant to the Warrant Inducement Offering (as defined below in Note 12) | 453,333 | 453,333 | 453,333 |
| Class A ordinary shares exercisable from warrants issued pursuant to the March 2021 Offering (as defined below in Note 12) | 233,333 | 233,333 | 233,333 |
| Class A ordinary shares issuable from the outstanding restricted share awards ⁽¹⁾ | 38,289 | 38,289 | 91,419 |
| Total | 724,955 | 724,955 | 778,085 |

The following reflects the loss and share data used in the basic and diluted loss per ordinary share computations:

| | Years ended December 31, | | |
|--|---------------------------------|------------------|------------------|
| | 2025 | 2024 | 2023 |
| Loss attributable to ordinary shareholders of the Company for basic loss per share calculation | \$ (14,093,529) | \$ (20,251,051) | \$ (36,772,143) |
| Weighted average number of ordinary shares outstanding for basic loss per share calculation | 6,280,616 | 6,280,616 | 6,275,118 |
| Basic loss per share | \$ (2.24) | \$ (3.22) | \$ (5.86) |
| Loss attributable to ordinary shareholders of the Company for diluted loss per share calculation | \$ (14,093,529) | \$ (20,251,051) | \$ (36,772,143) |
| Weighted average number of ordinary shares outstanding basic loss per share calculation | 6,280,616 | 6,280,616 | 6,275,118 |
| Adjusted for: | | | |
| - incremental shares issuable related to warrants issued | - | - | - |
| Weighted average number of shares outstanding for diluted loss per share calculation | 6,280,616 | 6,280,616 | 6,275,118 |
| Diluted loss per share | \$ (2.24) | \$ (3.22) | \$ (5.86) |

Note 6 – Accounts receivable, net

Accounts receivable, net consist of the following:

| | As of December 31, 2025 | As of December 31, 2024 |
|-----------------------------------|--|--|
| Accounts receivable | \$ 3,538,587 | \$ 3,674,437 |
| Less: Allowance for credit losses | (2,439,506) | (2,087,671) |
| Accounts receivable, net | \$ 1,099,081 | \$ 1,586,766 |

Movements of allowance for credit losses are as follows:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|---|---|---|
| Allowance for credit losses, beginning balance | \$ 2,087,671 | \$ 2,075,280 | \$ 3,523,458 |
| Net provision for (reversal of) credit losses | 261,522 | 76,953 | (304,112) |
| Uncollectible accounts receivable written-off | - | - | (981,152) |
| Effects of foreign exchange rate | 90,313 | (64,562) | (162,914) |
| Allowance for credit losses, ending balance | \$ 2,439,506 | \$ 2,087,671 | \$ 2,075,280 |

Note 7 – Inventories, net

| | As of December 31, 2025 | As of December 31, 2024 |
|----------------------------|-------------------------------|-------------------------------|
| Finished goods | \$ 3,806,078 | \$ 10,169,630 |
| Work in process | 920,335 | 884,503 |
| Raw materials | 13,522,132 | 17,358,597 |
| | <u>18,248,545</u> | <u>28,412,730</u> |
| Less: inventory write-down | (14,605,587) | (27,815,614) |
| Inventories, net | <u>\$ 3,642,958</u> | <u>\$ 597,116</u> |

During the years ended December 31, 2025, 2024 and 2023, the Company recorded write-down for the potentially obsolete, slow-moving inventories and lower of cost or market adjustment of US\$49,476, US\$272,316 and US\$340,186 in cost of revenues, respectively.

Note 8 – Property, plant and equipment, net

Property, plant and equipment, net consist of the following:

| | As of December 31, 2025 | As of December 31, 2024 |
|------------------------------------|-------------------------------|-------------------------------|
| Buildings | \$ 29,648,756 | \$ 31,475,491 |
| Land | 4,111,556 | - |
| Mechanical equipment | 2,493,571 | 17,426,372 |
| Motor vehicles | 341,680 | 283,320 |
| Office equipment | 7,109,384 | 7,110,842 |
| Computer software | 147,924 | 678,252 |
| Leasehold improvement | 1,695,168 | 2,247,199 |
| Construction in progress | 23,675 | 23,675 |
| Total | 45,571,714 | 59,245,151 |
| Accumulated depreciation | (15,709,478) | (29,282,612) |
| Provision for impairment | (57,752) | (55,358) |
| Property, plant and equipment, net | <u>\$ 29,804,484</u> | <u>\$ 29,907,181</u> |

During the year ended December 31, 2025, due to the settlement with a vendor related to a constructed building which resulted to a reduction in the amount owed, the cost of the building was reduced by US\$3,188,367.

Depreciation expense for the years ended December 31, 2025, 2024 and 2023 amounted to US\$2,369,417, US\$2,445,485 and US\$3,038,131, respectively. The Company recorded impairment charges on property, plant and equipment of nil, nil and US\$57,117 for the years ended December 31, 2025, 2024 and 2023, respectively.

Note 9 – Intangible assets, net

The following table presents the Company's intangible assets as of the respective balance sheet dates:

| | As of December 31, 2025 | As of December 31, 2024 |
|--------------------------|-------------------------------|-------------------------------|
| Land use right | \$ 2,590,130 | \$ 2,482,727 |
| License | 4,097,440 | 3,804,294 |
| Software | 2,841,214 | 4,877,089 |
| Patents | 52,550 | 29,879,744 |
| Technology | 1,282,497 | 1,905,520 |
| Long-term contract | 5,347 | 4,964 |
| Total | 10,869,178 | 42,954,338 |
| Accumulated amortization | (3,803,153) | (15,411,509) |
| Provision for impairment | (4,869,171) | (24,203,165) |
| Intangible assets, net | <u>\$ 2,196,854</u> | <u>\$ 3,339,664</u> |

Amortization expense for the years ended December 31, 2025, 2024 and 2023 amounted to US\$184,818, US\$155,559 and US\$481,728, respectively. The Company recorded impairment charges on intangible assets of US\$1,096,816, nil and US\$3,708,247 for the years ended December 31, 2025, 2024 and 2023, respectively.

The approximately US\$1.1 million impairment charges recorded in the year ended December 31, 2025 were recorded against a technology and a long-term contract and approximately US\$3.7 million impairment charges recorded in the year ended December 31, 2023 was recorded against a license, as the carrying amount of these assets were deemed not recoverable due to the assets' economic obsolescence identified during the periods. The impairment losses were included in the general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Estimated future amortization expense related to intangible assets held as of December 31, 2025:

| Year | |
|--------------|---------------------|
| 2026 | \$ 62,313 |
| 2027 | 62,313 |
| 2028 | 60,562 |
| 2029 | 51,803 |
| 2030 | 51,803 |
| Thereafter | 1,908,060 |
| Total | \$ 2,196,854 |

Note 10 – Accrued liabilities and other payables

The components of accrued liabilities and other payables are as follows:

| | As of December 31, 2025 | As of December 31, 2024 |
|---|--|--|
| Salary payable | \$ 1,543,990 | \$ 1,642,436 |
| Payable to consultants | 275,706 | 333,510 |
| Refundable deposit to customers | 93,251 | 252,472 |
| Payable to property, plant and equipment suppliers | 166,448 | 3,845,399 |
| Customer custodial cash liabilities | 2,196,931 | 2,267,903 |
| Custodial cash liabilities to a related party (see Note 18) | 126,920 | - |
| Other accrued liabilities | 1,906,991 | 2,025,490 |
| Total accrued liabilities and other payables | \$ 6,310,237 | \$ 10,367,210 |

Other accrued liabilities mainly consist of insurance payables, social security payables, accrued professional service fees. The customer custodial cash liabilities represent the cash held on behalf of customers for the settlement of future cross-border payment and foreign exchange services. The corresponding customer custodial cash asset with balance in the same amount was included in other current asset, net in the consolidated balance sheets.

Note 11 – Income taxes

Cayman Islands

Under the current laws of the Cayman Islands, Ebang International is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands (“BVI”)

The Company’s subsidiaries incorporated in the BVI are not subject to tax on income or capital gain. In addition, payments of dividend by these subsidiaries to their shareholders are not subject to withholding tax in the BVI.

Australia

The Company’s subsidiaries incorporated in Australia are subject to Australian Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Australia tax laws. The Australian Income Tax had significant changes progressively since June 30, 2017. From July 1, 2021, companies that are base rate entities must apply the 25% company tax rate. A company is a base rate entity for an income year if 1) the company’s aggregated turnover for that income year is less than AUD 50,000,000 of that income year, and 2) it has 80% or less of their assessable income in that income year that is base rate entity passive income. Thus the applicable tax rate is 25% for the Company on assessable profits arising in or derived from Australia.

Hong Kong

The Company’s subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 8.25% on assessable profits arising in or derived from Hong Kong up to HKD 2,000,000 and 16.5% on any part of assessable profits over HKD 2,000,000.

PRC

The Company’s subsidiaries incorporated in the PRC are governed by the income tax laws of the PRC and the income tax provision in respect to operations in the PRC is calculated at the applicable tax rates on the taxable income for the periods based on existing legislation, interpretations and practices in respect thereof. Under the Enterprise Income Tax Laws of the PRC (the “EIT Laws”), domestic enterprises and Foreign Investment Enterprises (the “FIE”) are usually subject to a unified 25% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on case-by-case basis. EIT grants preferential tax treatment to certain High and New Technology Enterprises (“HNTEs”). Under this preferential tax treatment, HNTEs are entitled to an income tax rate of 15%, subject to a requirement that they re-apply for HNTE status every three years. For the year ended December 31, 2025 and 2024, Redback Technologies (Shanghai) Co., Ltd. was qualified as HNTE and entitled to a preferential income tax rate of 15%. For the years ended December 31, 2025, 2024 and 2023, Zhejiang Ebang was qualified as HNTE and entitled to a preferential income tax rate of 15%. For the year ended December 31, 2023, Hangzhou Dewang, and Ebang IT were qualified as HNTE and entitled to a preferential income tax rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2020, which was subsequently announced in March 2021 to be further extended to December 31, 2023. In September 2022, the State Taxation Administration of the PRC further announced that for the enterprises entitled to the current pre-tax deduction ratio of 175% for research and development expenses, such ratio is raised to 200% during the period from October 1, 2022 to December 31, 2022. In March 2023, the State Taxation Administration of the PRC announced that for research and development expenses incurred by enterprises during R&D activities, if such expenses are not capitalized as intangible assets but expensed in the current period, an additional pre-tax deduction equivalent to 100% of the actual amount incurred shall be granted starting from January 1, 2023, in addition to the actual deduction as stipulated. For expenses capitalized as intangible assets, 200% of the cost of the intangible assets shall be amortized pre-tax starting from January 1, 2023.

The subsidiaries of the Company incorporated in other countries are subject to income tax pursuant to the rules and regulations of their respective countries of incorporation.

Reconciliation of the differences between statutory income tax rate and the effective tax rate

The reconciliation of tax computed by applying the statutory income tax rate of 25% for the year ended December 31, 2025 applicable to the PRC operations to income tax expenses after the adoption of ASU 2023-09 is as follows:

| | For the year ended December 31, 2025 | |
|---|---|-------------------|
| | Amount | Percentage |
| Statutory income tax rate | 3,621,545 | 25% |
| Foreign tax effect: | | |
| Hong Kong | (901,002) | (6.20)% |
| Singapore | (225,042) | (1.60)% |
| Australia | (1,340,806) | (9.30)% |
| US | (473,007) | (3.30)% |
| Cayman | 2,001,273 | 13.8% |
| BVI | (305,986) | (2.10)% |
| Nontaxable or nondeductible items | (14,756) | (0.10)% |
| Effect of additional deduction of research and development expense | 119,075 | 0.8% |
| Effect of PRC income tax exemptions and reliefs | (199,652) | (1.40)% |
| Recovery from deferred income tax assets | 449,118 | 3.1% |
| Effect of valuation allowance on deferred income tax assets | (2,736,541) | (18.90)% |
| Effect of impairment of intangible assets arising from business acquisition in 2024 | 305,269 | 2.1% |
| Others | 21,495 | 0.1% |
| Total | 320,983 | 2.1% |

The reconciliation of tax computed by applying the statutory income tax rate of 25% for the years ended December 31, 2024 and 2023 applicable to the PRC operations to income tax expenses before the adoption of ASU 2023-09 is as follows:

| | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|---|---|
| | Statutory income tax rate | 25.00% |
| Effect of expenses not deductible for tax purposes | (0.10)% | (0.20)% |
| Effect of additional deduction of research and development expense | 3.50% | 4.80% |
| Effect of income tax exemptions and reliefs | (2.60)% | (8.00)% |
| Recovery from deferred income tax assets | 3.30% | 5.20% |
| Effect of valuation allowance on deferred income tax assets | (34.10)% | (27.10)% |
| Income tax difference under different tax jurisdictions | 5.00% | 4.30% |
| Others | 0.20% | (1.40)% |
| Total | 0.20% | 2.60% |

The component of provision for income after the adoption of ASU 2023-09 were as follows:

| | For the year ended December 31, 2025 |
|-----------------------------|---|
| Current income tax expense | \$ - |
| Deferred tax benefit | (320,983) |
| - Australia | (335,883) |
| - US | 14,900 |
| Income taxes benefit | \$ (320,983) |

The component of provision for income before the adoption of ASU 2023-09 were as follows:

| | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|----------------------------|---|---|
| Current income tax expense | \$ - | \$ - |
| Deferred tax benefit | (42,545) | (1,031,461) |
| Income taxes benefit | <u>\$ (42,545)</u> | <u>\$ (1,031,461)</u> |

PRC and international components of loss before income taxes after the adoption of ASU 2023-09 were as follows:

| | For the year ended December 31, 2025 |
|---------|---|
| PRC | \$ (11,212,209) |
| Foreign | (3,273,972) |
| Total | <u>\$ (14,486,181)</u> |

For the purpose of presentation in the consolidated balance sheets, deferred income tax assets and liabilities have been offset. Significant components of deferred tax assets and liabilities are as follows:

| | As of December 31, 2025 | As of December 31, 2024 |
|--|-------------------------------|-------------------------------|
| Provision for credit losses | \$ 2,032,077 | \$ 1,945,535 |
| Net operating loss carryforward | 51,942,731 | 45,769,678 |
| Impairment of VAT recoverable, inventory write-down and others | 5,809,405 | 5,617,458 |
| | 59,784,213 | 53,332,671 |
| Less: valuation allowance | <u>(59,784,213)</u> | <u>(53,332,671)</u> |
| Deferred tax assets | <u>\$ -</u> | <u>\$ -</u> |
| Intangible assets acquired from business combination transaction | \$ - | 293,847 |
| Property, plant and equipment | 3,379 | \$ 32,605 |
| Deferred tax liabilities | <u>\$ 3,379</u> | <u>\$ 326,452</u> |
| Total deferred tax liabilities | <u>\$ 3,379</u> | <u>\$ 326,452</u> |

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the cumulative earnings and projected future taxable income in making this assessment. Recovery of substantially all of the Company's deferred tax assets is dependent upon the generation of future income, exclusive of reversing taxable temporary differences.

The amounts of cumulative net operating loss in 2025 of major tax jurisdictions and the year of expiration are as follows:

| Tax Jurisdiction | Amount in US\$ (in thousands) | Earliest year of expiration if not utilized |
|-------------------------|--|--|
| PRC | 183,428 | 2026 |
| Hong Kong | 36,513 | No expiration |
| Australia | 21,413 | No expiration |
| Singapore | 5,505 | No expiration |
| United States | 8,670 | No expiration |
| Others | - | Depending on different countries and regions |

Uncertain tax positions

The PRC tax authorities conduct periodic and ad hoc tax filing reviews on business enterprises operating in the PRC after those enterprises complete their relevant tax filings. In general, the PRC tax authorities have up to five years to conduct examinations of the tax filings of the Company's PRC entities. Accordingly, the PRC subsidiaries' tax years of 2021 through 2025 remain open to examination by the respective tax authorities. It is therefore uncertain as to whether the PRC tax authorities may take different views about the Company's PRC entities' tax filings, which may lead to additional tax liabilities.

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of December 31, 2025 and 2024, the Company did not have any significant unrecognized uncertain tax positions.

Note 12 – Equity

Ordinary shares

The Company adopted a dual-class share structure. Each Class A ordinary share is entitled to one vote per share and each Class B ordinary share is entitled to twenty votes per share. Each Class B ordinary share can be converted into one Class A ordinary share at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares.

During the years ended December 31, 2025, 2024 and 2023, the Company issued nil, nil and 264,727 Class A ordinary shares to Tiger Brokers (Singapore) Ptd. Ltd. (the “ESOP platform”) which were reserved for future issuance of the Company’s Class A ordinary shares upon the vesting of RSAs granted under the 2020 Plan. As of December 31, 2025 and 2024, 263,322 of such shares were considered issued but not outstanding.

Warrants

The following table sets forth the Company’s warrant activities for the years ended December 31, 2025, 2024 and 2023:

| | Number of shares Issuable | Weight- average exercise price |
|--|--|---|
| Outstanding and exercisable at January 1, 2023 | 686,667 | \$ 286.2 |
| Granted | - | - |
| Exercised | - | - |
| Balance at December 31, 2023 | 686,667 | 286.2 |
| Outstanding and exercisable at December 31, 2023 | 686,667 | 286.2 |
| Granted | - | - |
| Exercised | - | - |
| Balance at December 31, 2024 | 686,667 | 286.2 |
| Outstanding and exercisable at December 31, 2024 | 686,667 | 286.2 |
| Granted | - | - |
| Exercised | - | - |
| Balance at December 31, 2025 | 686,667 | 286.2 |
| Outstanding and exercisable at December 31, 2025 | 686,667 | 286.2 |

The intrinsic value of these warrants was approximately nil and nil as of December 31, 2025, and 2024, respectively.

Note 13 – Share-based compensation

In order to attract and retain talents, the Company adopted a share incentive plan in April 2020, which was amended and restated on July 9, 2021 (the “2020 Plan”). The maximum aggregate number of shares that may be issued pursuant to all awards under the 2020 Plan shall be 349,427 (10,482,827 before Reverse Stock Split) Class A ordinary shares. The Company also adopted the 2021 Share Incentive Plan (the “2021 Plan”), under which the maximum aggregate number of shares that may be issued pursuant to all awards shall be 333,333 (10,000,000 before Reverse Stock Split) Class A ordinary shares. The Company did not grant any award under the 2021 plan.

The Company granted 172,333 and 61,200 (5,170,000 and 1,836,000 before the Reverse Stock Split) restricted share awards (“RSAs”) in 2022 and 2021, respectively, under the 2020 Plan. The vesting schedule of RSAs ranges from 100% upon grant, to over four years with 25% vested at each anniversary. The vesting of these RSAs is further subject to performance conditions whereby a 50% or 100% of the RSAs to be vested in a given year will be forfeited based on the result of an annual performance review of the grantee in accordance with predetermined performance targets. The unvested portion of the RSAs will also be forfeited upon the termination of employment or service during the vesting period. The Company estimates the annual performance review result for each grantee and recognizes the related compensation expenses. The amount of compensation expense reversed for the years ended December 31, 2025, 2024 and 2023 was US\$363,949, US\$1,013,080 and US\$153,034, respectively. The net reversal of the compensation expense recorded in the year ended December 31, 2023, 2024 and 2025 was due to resignation of employees as well as the actual performance target being different from the Company’s previous estimate as a result of the employees failing to achieve certain performance goals, and the Company’s adjustment of the estimate of future performance review result in connection therewith. Unvested compensation expense as of December 31, 2025 and 2024 was nil and US\$159,230, respectively.

During the years ended December 31, 2025, 2024 and 2023, the Company issued nil, nil and 264,727 Class A ordinary shares to ESOP platform which were reserved for future issuance upon the vesting of RSAs granted under the 2020 Plan. Also see Note 12.

The following table summarized the Company’s RSAs activity under the 2020 Plan:

| | Number of RSAs* | Weighted average grant date fair value* |
|-----------------------------|--------------------|--|
| Unvested, January 1, 2023 | 133,066 | \$ 40.34 |
| Granted | - | - |
| Vested | (25,572) | 31.31 |
| Forfeited | (16,075) | 65.00 |
| Unvested, December 31, 2023 | 91,419 | 38.52 |
| Granted | - | - |
| Vested | - | - |
| Forfeited | (53,130) | 41.25 |
| Unvested, December 31, 2024 | 38,289 | 34.73 |
| Granted | - | - |
| Vested | - | - |
| Forfeited | (21,373) | 38.24 |
| Unvested, December 31, 2025 | 16,916 | \$ 30.30 |

Note 14 – Operating leases, from the perspective as a lessee

The Company entered into operating lease agreements for factory buildings, office spaces and employee dormitories including lease agreements with its related party, with various initial term expiration dates through 2030 and various renewal and termination options. None of the amounts disclosed below for these leases contains variable payments, residual value guarantees or options that were recognized as part of the right-of-use assets and lease liabilities. As the Company's leases did not provide an implicit discount rate, the Company used an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

As of December 31, 2025 and 2024, the Company recognized operating lease liabilities, including current and noncurrent, in the amount of US\$4,605,152 and US\$4,031,580, respectively, and the corresponding operating lease right-of-use assets of US\$3,677,983 and US\$3,388,523, respectively.

Also see Note 18 for related party operating lease commitments.

The following components of lease cost are included in the Company's consolidated statements of operations and comprehensive loss:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|-----------------------|---|---|---|
| Operating lease cost | \$ 1,257,470 | \$ 1,822,184 | \$ 2,053,911 |
| Short-term lease cost | 10,536 | 2,870 | 18,404 |
| Total lease cost | <u>\$ 1,268,006</u> | <u>\$ 1,825,054</u> | <u>\$ 2,072,315</u> |

Supplemental cash flow information related to operating leases was as follows:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities | | | |
| Operating cash flows for operating leases | \$ 797,890 | \$ 1,285,329 | \$ 2,692,699 |
| Supplemental lease cash flow disclosure | | | |
| Operating lease right-of-use assets obtained in exchange for operating lease liabilities | \$ 1,119,621 | \$ 273,213 | \$ 1,801,664 |
| Remeasurement of the lease liabilities and right-of-use-assets due to lease modification | \$ 136,855 | \$ 1,350,538 | \$ 320,911 |

Supplemental balance sheet information related to operating leases was as follows:

| | As of December 31, 2025 | As of December 31, 2024 |
|---|--|--|
| Weighted average remaining lease term of operating leases | 4.49 Years | 4.78 Years |
| Weighted average discount rate of operating leases | 6.5250% | 6.5250% |

The Company's maturity analysis of operating lease liabilities, including operating lease liabilities to related parties, as of December 31, 2025 is as follows:

| | Operating Leases |
|--|-----------------------------|
| 2026 | \$ 1,115,983 |
| 2027 | 1,082,436 |
| 2028 | 1,010,021 |
| 2029 | 967,452 |
| 2030 | 802,542 |
| Thereafter | 34,133 |
| Total lease payment | <u>5,012,567</u> |
| Less: imputed interest | <u>(407,415)</u> |
| Present value of operating lease liabilities | 4,605,152 |
| Less: current obligation | <u>(1,153,766)</u> |
| Long-term obligation at December 31, 2025 | <u>\$ 3,451,386</u> |

Note 15 – Statutory reserves and restricted net assets

As a result of the PRC laws and regulations and the requirement that distributions by PRC entities can only be paid out of distributable profits computed in accordance with PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Company. Amounts restricted include paid-in capital, additional paid-in capital, and the statutory reserves of the Company's PRC subsidiaries.

| | As of December 31 2025 | As of December 31, 2024 |
|-----------------------------|---------------------------------------|--|
| PRC entities | | |
| Paid-in capital | \$ 101,788,546 | \$ 82,393,866 |
| Additional paid-in capital | 135,785,296 | 137,736,852 |
| Statutory reserves | 10,126,724 | 10,848,816 |
| Total restricted net assets | <u>\$ 247,700,566</u> | <u>\$ 230,979,534</u> |

As of December 31, 2025 and 2024, total restricted net assets were US\$247,700,566 and US\$230,979,534, respectively.

Note 16 – Segment and revenue analysis

The Company operates in a single operating segment that primarily includes the selling of bitcoin mining machines and related accessories, telecommunication products, solar and battery storage products and related accessories, providing cryptocurrency exchange services, cross-border payment and foreign exchange services, SaaS data visualization and analytic solution and rental services.

The following table summarizes the revenue generated from different revenue streams:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|---|---|---|
| Revenue | | | |
| Product revenue - Bitcoin mining machines and related accessories | \$ - | \$ - | \$ 265,984 |
| Product revenue - Telecommunication products | 228,428 | 501,111 | 516,365 |
| Product revenue - Solar and battery storage products and related accessories | 564,619 | 570,832 | - |
| Service revenue - Cryptocurrency exchange services | 1,141,811 | 1,290,700 | 1,044,087 |
| Service revenue - Cross-border payment and foreign exchange services | 1,998,168 | 2,307,491 | 2,637,101 |
| Service revenue - Rental services | 1,165,027 | 718,139 | - |
| Service revenue - SaaS data visualization and analytic solution | 1,148,317 | 183,098 | - |
| Others ⁽¹⁾ | 290,617 | 297,400 | 391,644 |
| Total | \$ 6,536,987 | \$ 5,868,771 | \$ 4,855,181 |

(1) Other revenues mainly include revenue from our service management and maintenance services.

The following table summarizes the revenues generated from different geographic region:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|-------------------|---|---|---|
| Geographic region | | | |
| Mainland China | \$ 1,576,773 | \$ 1,515,945 | \$ 1,173,993 |
| Australia | 4,960,214 | 4,352,826 | 3,681,188 |
| Total | \$ 6,536,987 | \$ 5,868,771 | \$ 4,855,181 |

The following table summarizes the cost of revenues associated with different revenue streams:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|---|---|---|
| Cost of revenues | | | |
| Bitcoin mining machines and related accessories ⁽¹⁾ | \$ - | \$ - | \$ 17,004,040 |
| Telecommunication products | 290,741 | 932,840 | 1,346,914 |
| Solar and battery storage products and related accessories | 410,197 | 430,849 | - |
| Cryptocurrency exchange services | 286,958 | 668,231 | 740,591 |
| Cross-border payment and foreign exchange services | 1,455,217 | 1,642,276 | 1,885,956 |
| Rental services | 2,323,449 | 455,528 | - |
| SaaS data visualization and analytic solution | 825,146 | 110,499 | - |
| Others | 550,433 | 438,862 | 581,485 |
| Total | \$ 6,142,141 | \$ 4,679,085 | \$ 21,558,986 |

(1) Approximately US\$1.7 million cost primarily related to the rental service in the year ended December 31, 2025 and approximately US\$16.7 million cost related to the bitcoin mining machines and related accessories business recognized in the year ended December 31, 2023 were recorded in connection with impairment of VAT recoverable and inventories, respectively.

Selected assets of property, plant and equipment, right-of-use assets, intangible assets and goodwill by geographical region within the operating segment is as follows:

| | As of December 31, 2025 | As of December 31, 2024 |
|--------------------------------------|--|--|
| Geographic region | | |
| Mainland China | \$ 27,572,840 | \$ 31,389,546 |
| Hong Kong | 169,718 | 96,070 |
| Australia | 3,710,519 | 5,589,164 |
| US | 4,226,244 | 254,497 |
| Others foreign countries and regions | - | 583,880 |
| Total | \$ 35,679,321 | \$ 37,913,157 |

Note 17 – Concentration of risks

Concentration of credit risks and customers

Accounts receivable concentration of credit risk is as below:

| | As of December 31, 2025 | As of December 31, 2024 |
|------------|--|--|
| Customer A | 14% | *% |
| Customer B | 19% | *% |
| Customer C | 37% | 27% |

Suppliers that accounted for 10% or more of the Company's purchases for the years ended December 31, 2023, 2024 and 2025:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|------------|---|---|---|
| Supplier D | *% | 12% | *% |
| Supplier F | 20% | N/A | N/A |
| Supplier B | *% | *% | 21% |
| Supplier C | *% | *% | 15% |

Suppliers that accounted for 10% or more of the Company's accounts payables as of December 31, 2023, 2024 and 2025:

| | As of the year ended December 31, 2025 | As of the year ended December 31, 2024 | As of the year ended December 31, 2023 |
|------------|---|---|---|
| Supplier A | *% | 29% | *% |
| Supplier C | 11% | *% | *% |
| Supplier E | 15% | *% | N/A |
| Supplier G | 11% | *% | N/A |
| Supplier H | 11% | *% | N/A |

Revenue concentration of credit risk is as below:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|------------|---|---|---|
| Customer C | 16% | *% | N/A |
| Customer B | 17% | * | N/A |

* Less than 10%

Vulnerability to cybersecurity incidents

Although the Company has developed systems and processes designed to protect the data the Company manages, prevent data loss and other security breaches, effectively respond to known and potential risks, and expect to continue to expend significant resources to bolster these protections, there can be no assurance that these security measures will provide absolute security or prevent breaches. The Company may also experience material breaches of its security measures due to human error, malfeasance, insider threats, system errors, vulnerabilities, or other irregularities. During the year ended December 31, 2023, the Company suffered from a cybersecurity incident resulting in a loss of cryptocurrencies of approximately US\$2.3 million, which is included in general and administrative expenses on the consolidated statements of operations and comprehensive loss. The Company is actively pursuing the recovery of the cryptocurrencies but there can be no assurance that these cryptocurrencies can be recovered.

Note 18 – Related party transactions

a) Related parties

| Name of related parties | Relationship with the Company |
|---|--|
| Dong Hu | Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company |
| Hong Kong Dewang Limited | Wholly owned by Zhengqian Jiang, father-in-law of Dong Hu |
| Hangzhou Dewang Jucheng Technology Company Limited (formerly known as “Zhejiang Wansi Computer Manufacturing Company Limited”, Hangzhou Dewang) | 80.95% owned by Dong Hu |
| Hangzhou Yibang Zhiyang Technology Co., Ltd. | Controlled by Dong Hu |
| Top Max Limited | Controlled by Dong Hu |
| Shubo Qian | Brother-in-law of Dong Hu |
| Jun Hu | Sister of Dong Hu |
| Hangzhou Yiquansheng Communication Technology Co., Ltd. | Controlled by Dong Hu |

b) Operating leases with related parties

The Company leases office space from Hangzhou Dewang Jucheng Technology Company Limited (formerly named “Zhejiang Wansi Computer Manufacturing Company Limited”) under non-cancellable operating lease agreements with lease terms ranging from one to eight and a half years. Lease expense from this related party for the years ended December 31, 2025, 2024 and 2023 amounted to US\$28,465, US\$28,467 and US\$28,924, respectively. The balance of operating lease right-of-use assets and lease liabilities, including the current and non-current portion, associated with this related party, was US\$69,486 and US\$69,486 as of December 31, 2025, and US\$40,081 and US\$40,081 as of December 31, 2024, respectively.

The Company leases office space from Hangzhou Dewang under short-term lease agreement with lease term of nine months in 2025. Short-term lease expenses from this related party for the years ended December 31, 2025 amounted to US\$10,536.

The Company leases office space from Hangzhou Yiquansheng Communication Technology Co., Ltd. under non-cancellable operating lease agreements with lease terms of 31 months. Lease expense from this related party for the year ended December 31, 2023 amounted to US\$495,133.

c) Revenues from a related party

For the period from May 2024 to November 8, 2024, the Company sold US\$337,100 products to Redback Technologies. On November 8, 2024, the Company acquired 100% equity interest of Redback Technologies and it ceased to be a related party of the Company. See Note 3 for detail.

d) Loan to a related party

For the period from May 2024 to November 8, 2024, Redback Technologies borrowed AUD 3,696,386 (approximately US\$2.3 million) and RMB626,797 (approximately US\$86,000) from the Company. On November 8, 2024, the Company acquired 100% equity interest of Redback Technologies and it ceased to be a related party of the Company. The preexisting loans to Redback Technologies was considered effectively settled upon the acquisition. See Note 3 for detail.

e) Foreign exchange service provided to a related party

For the year ended December 31, 2025, Dong Hu, through the Company, performed an exchange with an outstanding custodial cash receivable and liability balance of US\$126,920 as of December 31, 2025 recorded under other current assets and accrued liabilities and other payables, respectively. The outstanding custodial cash receivable and liability balance was settled subsequently in 2026.

Note 19 – Disposal of subsidiaries

On March 1, 2023, the Company disposed of 100% of the equity interest of EBONEX PTE LTD. to a third party for a cash consideration of SGD 10,000. This disposal resulted in a gain of US\$7,524 for the year ended December 31, 2023.

For the period from January 1, 2023 to March 1, 2023, EBONEX PTD LTD. did not generate any revenue or incur any net income. Net assets of EBONEX PTE LTD. was US\$0. The disposal does not represent a strategic shift that has (or will have) a major effect on the Company's operations and financial results.

Note 20 – Commitments and contingencies

Operating lease commitments

The information of lease commitments is provided in Note 14.

Litigation settlement

On January 29, 2019, the Company's subsidiary filed a civil action in the Hangzhou Intermediate People's Court against one of its customers. The defendant had purchased from the Company's subsidiary, and the Company's subsidiary had delivered 90,000 units of mining machines for a total amount of RMB453.6 million (approximately US\$65.1 million) pursuant to an executed sales contract. The defendant has paid RMB380 million (approximately US\$54.5 million), and the Company's subsidiary is seeking payment of the remaining balance of RMB73.6 million (approximately US\$10.6 million) plus interest and legal expenses. On December 30, 2021, Hangzhou Intermediate People's Court made the judgement and supported the request of RMB73.6 million goods payment from the Company's subsidiary. On January 24, 2022, the defendant appealed to Zhejiang Provisional Superior People's Court and the appeal was automatically withdrawn according to the ruling made by Zhejiang Provisional Superior People's Court on March 22, 2022. The court has made enforcement action regarding the payment by the defendant. During the year ended December 31, 2022, the Company's subsidiary has collected RMB7.4 million (approximately US\$1.1 million). When the sales contract was entered into in 2018, no associated revenue was recognized as the Company's subsidiary concluded the collection of the consideration was not probable. The RMB7.4 million received from the settlement during the year ended December 31, 2022 was recorded as revenue because the contract has been terminated which leaves the Company's subsidiary no remaining obligations to transfer products and the receipt of consideration is nonrefundable. The Company's subsidiary has applied to the Hangzhou Intermediate People's Court for compulsory enforcement for the remaining balance. The Company's subsidiary did not receive any amount from this customer associated with this litigation for the year ended December 31, 2024. On March 19, 2025, the Beijing Intermediate People's Court ruled to accept the bankruptcy liquidation case of the defendant, the company is recognized as a creditor, with a general claim amounting to RMB 116.8 million and a subordinated claim amounting to RMB 16.6 million. The case is currently under processing.

In December 2024, the Company's subsidiary, along with one other claimant (collectively, the "claimant"), filed a statement of claim against the lead underwriter of an investee (the "respondent") with the Financial Industry Regulatory Authority ("FINRA") regarding a certain FINRA case, alleging the respondent's violation of its fiduciary duties and duties under FINRA's standards of conduct by recommending the claimant to invest in the investee. In March 2025, the respondent filed a counterclaim against the claimant, accusing the applicant maliciously suing the respondent. The respondent sought relief in amount that is not yet fully determined but is believed to exceed US\$3 million in total and demanded that the claimant cover all costs and attorney fees associated with this case. On March 27, 2025, the claimant filed an answer disputing these counterclaims. On November 20, 2025, the parties filed a request to reschedule the final hearing. On December 3, 2025, the FINRA panel rescheduled the final hearing to October 5 to 9, 2026. As of the reporting date, the Company's subsidiary determined that the likelihood of a loss is remote.

From time to time, the Company is subject to legal proceedings and claims in the ordinary course of business. The Company records a liability when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. The Company reviews the need for any such liability on a regular basis. The Company did not record any accrual related to its legal contingencies for the years ended December 31, 2025, 2024 and 2023.

Note 21 – Subsequent events

On March 16, 2026, the Company disposed of 100% of the equity interest of Hangzhou Zhenghao Information Technology Co., Ltd. ("Zhenghao") to third parties for a cash consideration of RMB 10. The disposal does not represent a strategic shift that has (or will have) a major effect on the Company's operations and financial results.

The Company has assessed all events from December 31, 2025 up through April 24, 2026, which is the date that these financial statements are available to be issued, unless as disclosed above, there are not any material subsequent events that require disclosure in these financial statements.

Note 22 – Condensed financial information of the parent company

The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with Securities and Exchange Commission Regulation S-X Rule 5-04 and concluded that it was applicable for the Company to disclose the financial statements for the parent company.

The following condensed financial statements of the Parent Company have been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the Parent Company used the equity method to account for its investment in its subsidiaries. The Parent Company and its subsidiaries were included in the consolidated financial statements whereby the inter-company balances and transactions were eliminated upon consolidation. The Parent Company's share of loss from its subsidiaries is reported as "share of loss from subsidiaries" in the condensed financial statements.

The Parent Company is a Cayman Islands company and, therefore, is not subjected to income taxes for all years presented. The footnote disclosures contain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted.

The subsidiaries did not pay any dividend to the Company for the years presents. As of December 31, 2025 and 2024, there were no material commitments or contingencies, significant provisions for long-term obligations or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

(a) Condensed balance sheets

| | December 31, 2025 | December 31, 2024 |
|--|------------------------------------|------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 184,986,124 | \$ 201,300,690 |
| Other current assets, net | 592,996 | 2,201,076 |
| Due from subsidiaries | 164,048,882 | 140,062,677 |
| Total current assets | 349,628,002 | 343,564,443 |
| Total assets | \$ 349,628,002 | \$ 343,564,443 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accrued liabilities and other payable | \$ - | \$ 22,525 |
| Deficit of investments in subsidiaries | 105,396,182 | 81,964,970 |
| Due to subsidiaries | - | 1,984,164 |
| Total current liabilities | 105,396,182 | 83,971,659 |
| Total liabilities | 105,396,182 | 83,971,659 |
| Shareholders' equity: | | |
| Class A ordinary share, HKD0.03 par value, 11,112,474 shares authorized, 4,989,746 shares issued, 4,726,424 shares outstanding as of December 31, 2025 and 2024 ⁽¹⁾ | 18,178 | 18,178 |
| Class B ordinary share, HKD0.03 par value, 1,554,192 shares authorized, issued and outstanding as of December 31, 2025 and 2024 ⁽¹⁾ | 5,978 | 5,978 |
| Additional paid-in capital | 396,090,766 | 396,454,715 |
| Accumulated deficit | (138,105,596) | (124,012,067) |
| Accumulated other comprehensive loss | (13,777,506) | (12,874,020) |
| Total shareholders' equity | 244,231,820 | 259,592,784 |
| Total liabilities and shareholders' equity | \$ 349,628,002 | \$ 343,564,443 |

(1) As of December 31, 2025 and 2024, 263,322 shares reserved for future issuance upon the vesting of RSAs granted under the 2020 Plan were considered issued but not outstanding. See Note 12.

(b) Condensed statements of operations and comprehensive loss

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|---|---|---|---|
| Operating expenses: | | | |
| General and administrative expenses | \$ 782,200 | \$ 255,322 | \$ 1,482,786 |
| Total operating expenses | <u>782,200</u> | <u>255,322</u> | <u>1,482,786</u> |
| Loss from operations | <u>(782,200)</u> | <u>(255,322)</u> | <u>(1,482,786)</u> |
| Interest income | 8,397,759 | 10,749,963 | 9,945,862 |
| Other expenses | (39,621) | (18,511) | (2,847) |
| Exchange gain (loss) | (436,678) | (287,340) | 36,752 |
| Loss on forgiveness of receivable from a subsidiary | - | 1,164,737 | 1,600,517 |
| Share of loss from subsidiaries | (21,232,789) | (31,604,578) | (46,869,641) |
| Net loss | <u>\$ (14,093,529)</u> | <u>\$ (20,251,051)</u> | <u>\$ (36,772,143)</u> |
| Comprehensive loss | | | |
| Net loss | \$ (14,093,529) | \$ (20,251,051) | \$ (36,772,143) |
| Other comprehensive loss: | | | |
| Foreign currency translation adjustment | (903,486) | 1,013,068 | (2,162,557) |
| Comprehensive loss | <u>\$ (14,997,015)</u> | <u>\$ (19,237,983)</u> | <u>\$ (38,934,700)</u> |

(c) Condensed statements of cash flows

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net loss | \$ (14,093,529) | \$ (20,251,051) | \$ (36,772,143) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | |
| Share of loss from subsidiaries | 21,232,789 | 31,604,578 | 46,869,641 |
| Reversal of share-based compensation expenses | (363,949) | (1,013,080) | (153,034) |
| Loss on forgiveness of receivable from a subsidiary | - | 1,164,737 | 1,600,517 |
| Changes in assets and liabilities: | | | |
| Due from subsidiaries | (23,986,205) | 17,376,204 | (45,292,116) |
| Other current assets, net | 1,608,080 | 738,592 | (2,682,168) |
| Accrued liabilities and other payables | (22,525) | 22,525 | - |
| Due to subsidiaries | (1,984,164) | 1,574,557 | 409,607 |
| Net Cash (Used in) Provided by Operating Activities | <u>(17,609,503)</u> | <u>31,217,062</u> | <u>(36,019,696)</u> |
| Effect of Foreign Exchange on Cash and Cash Equivalents | <u>1,294,937</u> | <u>(2,505,070)</u> | <u>(3,780,565)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(16,314,566)</u> | <u>28,711,992</u> | <u>(39,800,261)</u> |
| Cash and Cash Equivalents at Beginning of Year | <u>201,300,690</u> | <u>172,588,698</u> | <u>212,388,959</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 184,986,124</u> | <u>\$ 201,300,690</u> | <u>\$ 172,588,698</u> |
| Non-Cash Investing and Financing Activities: | | | |
| Issuance of vested restricted share awards | \$ - | \$ - | \$ 98 |

Description of Rights of Securities Registered under Section 12 of the Securities Exchange Act of 1934

The Class A ordinary shares, par value HK\$0.03 per share (“Class A ordinary shares”) of Ebang International Holdings Inc. (“we,” “us,” “our company” or “our”) are listed on The Nasdaq Global Select Market and the Class A ordinary shares are registered under Section 12(b) of the Securities Exchange Act of 1934. This exhibit contains a description of the rights of the holders of Class A ordinary shares.

Description of Class A Ordinary Shares (Items 9.A.3, 9.A.5, 9.A.6, 9.A.7, 10.B.3, 10.B.4, 10.B.6, 10.B.7, 10.B.8, 10.B.9 and 10.B.10 of Form 20-F)**Class A Ordinary Shares*****General***

Under our second amended and restated memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Under our second amended and restated articles of association (the “**Articles**”), our issued and outstanding ordinary shares consist of Class A ordinary shares, par value HK\$0.03 per share (“Class A ordinary shares”) and Class B ordinary shares, par value HK\$0.03 per share (“Class B ordinary shares”). All of our outstanding ordinary shares, which consist of Class A ordinary shares and Class B ordinary shares, are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

Holders of our Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. The Class A ordinary shares and Class B ordinary shares carry equal rights and rank *pari passu* with one another, including the rights to dividends and other capital distributions.

Voting Rights

On a show of hands each shareholder is entitled to one vote or, on a poll, each shareholder is entitled to one vote for each Class A ordinary share and 20 votes for each Class B ordinary share, voting together as a single class, on all matters that require a shareholder’s vote. Voting at any shareholders’ meeting is by show of hands of shareholders who are present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative, unless a poll is demanded.

A poll may be demanded by the chairman of such meeting or any shareholder present in person or by proxy.

No shareholder shall be entitled to vote or be reckoned in a quorum, in respect of any share, unless such shareholder is duly registered as our shareholder and all calls or instalments due by such shareholder to us have been paid.

An ordinary resolution to be passed at a general meeting requires the affirmative vote of a simple majority of the votes cast, while a special resolution requires the affirmative vote of at least two-thirds of votes attached to all outstanding ordinary shares cast at a general meeting.

Transfer Agent and Registrar

The transfer agent and registrar for the Class A ordinary shares is VStock Transfer, LLC, a California limited liability company with its business address at 18 Lafayette Place, Woodmere, New York 11598.

General Meetings of Shareholders

Our Articles provides that our company may (but shall not be obligated to) hold an annual general meeting of shareholders in each calendar year, subject to Cayman Islands laws and the Nasdaq Rules, in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held as a physical meeting in any part of the world and/or at one or more locations as a hybrid meeting or as an electronic meeting, at such time and place as may be determined by our directors.

Shareholders' meetings may be convened by a majority of our board of directors or the chairman of our board of directors. Advance notice of at least ten clear days is required for the convening of our annual general meeting and any other general meeting of our shareholders. Notwithstanding that a meeting is called by shorter notice than that mentioned above, but, subject to the Companies Act, it will be deemed to have been duly called, if it is so agreed (1) in the case of a meeting called as an annual general meeting by all of our shareholders entitled to attend and vote at the meeting; and (2) in the case of any other meeting, by a majority in number of the shareholders holding not less than 95% in nominal value of the issued shares giving that right.

No business other than the appointment of a chairman may be transacted at any general meeting unless a quorum is present at the commencement of business. However, the absence of a quorum will not preclude the appointment of a chairman. If present, the chairman of our board of directors shall be the chairman presiding at any shareholders' meetings.

A corporation being a shareholder shall be deemed for the purpose of our Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting or at any relevant general meeting of any class of our shareholders. Such duly authorized representative shall be entitled to exercise the same powers on behalf of the corporation that he represents as that corporation could exercise if it were our individual shareholder.

Dividends

Subject to the Companies Act (Revised) of the Cayman Islands (the "Companies Act"), our directors may declare dividends in any currency to be paid to our shareholders. Dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our directors determine is no longer needed. Our board of directors may also declare and pay dividends out of the share premium account or any other fund or account that can be authorized for this purpose in accordance with the Companies Act. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provides, (1) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on that share and (2) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Our directors may also pay interim dividends, whenever our financial position, in the opinion of our directors, justifies such payment.

Our directors may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise.

No dividend or other money payable by us on or in respect of any share shall bear interest against us. In respect of any dividend proposed to be paid or declared on our share capital, our directors may resolve and direct that (1) such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that our shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if our directors so determine) in cash in lieu of such allotment or (2) the shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our directors may think fit. Our shareholders may, upon the recommendation of our directors, by ordinary resolution resolve in respect of any particular dividend that, notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend interest or other sum payable in cash to the holder of shares may be paid by check or warrant sent by mail addressed to the holder at his registered address, or addressed to such person and at such addresses as the holder may direct. Every check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to us.

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our board of directors for the benefit of our company until claimed. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and reverted to us.

Whenever our directors have resolved that a dividend be paid or declared, our directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe for our securities or securities of any other company. Where any difficulty arises with regard to such distribution, our directors may settle it as they think expedient. In particular, our directors may issue fractional certificates, ignore fractions altogether or round the same up or down, fix the value for distribution purposes of any such specific assets, determine that cash payments shall be made to any of our shareholders upon the footing of the value so fixed in order to adjust the rights of the parties, vest any such specific assets in trustees as may seem expedient to our directors, and appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, which appointment shall be effective and binding on our shareholders.

Transfer of Ordinary Shares

Subject to any applicable restrictions set forth in our Articles, including, for example, the board of directors' discretion to refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under share incentive plans for employees upon which a restriction on transfer imposed thereby still subsists, or a transfer of any share to more than four joint holders, any of our shareholders may transfer all or any of his or her shares by an instrument of transfer in the usual or common form or in a form prescribed by the Nasdaq Global Select Market or in another form that our directors may approve.

Our directors may decline to register any transfer of any share which is not paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless:

- the instrument of transfer is lodged with us and is accompanied by the certificate for the shares to which it relates and such other evidence as our directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of share;
- the instrument of transfer is properly stamped (in circumstances where stamping is required); and
- a fee of such maximum sum as the Nasdaq Global Select Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

Liquidation

Subject to any future shares which are issued with specific rights, (1) if we are wound up and the assets available for distribution among our shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* among those shareholders in proportion to the amount paid up at the commencement of the winding up on the shares held by them, respectively, and (2) if we are wound up and the assets available for distribution among the shareholders as such are insufficient to repay the whole of the paid-up capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up at the commencement of the winding up on the shares held by them, respectively.

If we are wound up (whether the liquidation is voluntary or by the court), the liquidator may with the sanction of our special resolution and any other sanction required by the Companies Act, divide among our shareholders in specie or kind the whole or any part of our assets (whether or not they shall consist of property of the same kind) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

The liquidator may also vest the whole or any part of these assets in trustees upon such trusts for the benefit of the shareholders as the liquidator shall think fit, but so that no shareholder will be compelled to accept any assets, shares or other securities upon which there is a liability.

The consideration received by each holder of a Class A ordinary share and a holder of a Class B ordinary share will be the same in any liquidation event.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Subject to our Articles and to the terms of allotment, our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Shares, Repurchase and Surrender of Ordinary Shares

We are empowered by the Companies Act and our Articles to purchase our own shares, subject to certain restrictions. Our directors may only exercise this power on our behalf, subject to the Companies Act, our Articles and to any applicable requirements imposed from time to time by the Nasdaq Global Select Market, the U.S. Securities and Exchange Commission (the "SEC"), or by any other recognized stock exchange on which our securities are listed.

We may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors.

Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act, no such share may be redeemed or repurchased (1) unless it is fully paid up, (2) if such redemption or repurchase would result in there being no shares outstanding, or (3) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Act, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority of two-thirds of the vote of all of the shares in that class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Issuance of Additional Shares

Our Articles authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our Articles also authorize our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Anti-Takeover Provisions

Some provisions of our Articles may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Articles for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Alteration of Capital

We may from time to time by ordinary resolution in accordance with the Companies Act alter the conditions of our Articles to:

- increase our capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of larger amounts than our existing shares;
- cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act;
- sub-divide our shares or any of them into shares of smaller amount than is fixed by our Articles, subject nevertheless to the Companies Act, so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others, as we have power to attach to unissued or new shares; and
- divide shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares, attach to the shares respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions that in the absence of any such determination in a general meeting may be determined by our directors.

We may, by special resolution, subject to any confirmation or consent required by the Companies Act, reduce our share capital or any capital redemption reserve in any manner authorized by law.

Register of Members

In accordance with Section 48 of the Companies Act, the register of members is prima facie evidence of the registered holder or member of shares of a company. Therefore, a person becomes a registered holder or member of shares of the company only upon entry being made in the register of members.

Exempted Company

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- subject to its memorandum and articles of association, is not required to open its register of members for inspection;
- subject to its memorandum and articles of association, does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for twenty (20) years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England.

In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to United States corporations and companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (2) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company.

In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (1) a special resolution of the shareholders of each constituent company, and (2) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provided the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved in the case of a members scheme, by seventy-five per cent in value of the members or class of members, as the case may be, with whom the arrangement is to be made and in the case of a creditors scheme, by a majority in number of each class of creditors with whom the arrangement is to be made, and who must in addition represent seventy-five per cent in value of each such class of creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the Grand Court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of a dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, save that objectors to a takeover offer may apply to the Grand Court of the Cayman Islands for various orders that the Grand Court of the Cayman Islands has a broad discretion to make, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

The Companies Act also contains statutory provisions which provide that a company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its members or an express power in its articles of association. On hearing such a petition, the Cayman Islands court may, among other things, make an order appointing a restructuring officer or make any other order as the court thinks fit.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- an act which constitute a fraud against the minority where the wrongdoer are themselves in control of the company.

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

Our Articles permit indemnification of officers (but not including auditors) and directors for actions, charges losses, damages, costs and expenses incurred in their capacities as such provided that such indemnity shall not extend to any matter in respect of any dishonesty or fraud of such directors or officers (but not including auditors). This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our Articles.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction.

The duty of loyalty requires that a director acts in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally.

In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company:

- a duty to act in good faith in the best interests of the company,
- a duty not to make a personal profit based on his or her position as director (unless the company permits him or her to do so),
- a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party, and
- a duty to exercise powers for the purpose for which such powers were intended.

A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Under Cayman Islands law, a company may eliminate the ability of shareholders to approve corporate matters by way of written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matters at a general meeting without a meeting being held by amending the articles of association.

Our Articles do not allow shareholders to act by written resolutions.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

With respect to shareholder proposals, Cayman Islands law is essentially the same as Delaware law. The Companies Act does not provide shareholders with an express right to put forth any proposal before an annual meeting of the shareholders. However, the Companies Act may provide shareholders with limited rights to requisition a general meeting but such rights must be stipulated in the articles of association of the Company.

Any one or more shareholders holding not less than two-thirds of the votes attaching to the total issued and paid up share capital of the Company at the date of deposit of the requisition shall at all times have the right, by written requisition to the board of directors or the secretary of the company, to require an extraordinary general meeting to be called by the board of directors for the transaction of any business specified in such requisition.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for election of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our Articles do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Articles, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting shares within the past three years.

This statute has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into *bona fide* in the best interests of the company and for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our Articles, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with sanction of a resolution passed by a majority of two-thirds of the votes cast at a separate meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation’s governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under the Cayman Islands law, our Articles may only be amended with a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by our Articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares.

In addition, there are no provisions in our Articles governing the ownership threshold above which shareholder ownership must be disclosed.

Inspection of Books and Records

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation’s stock ledger, list of shareholders and other books and records.

Holders of our shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we intend to provide our shareholders with annual reports containing audited financial statements.

Significant Subsidiaries of the Registrant

| Subsidiaries | Place of Incorporation |
|--|-------------------------------|
| Orient Plus International Limited | British Virgin Islands |
| Power Ebang Limited | British Virgin Islands |
| Tower Lead Limited | British Virgin Islands |
| Ebonex International Limited (formerly known as Lucky Chance Global Limited) | British Virgin Islands |
| Ebang Communication Limited | British Virgin Islands |
| Summit King Limited | British Virgin Islands |
| Yibang Advanced Limited | British Virgin Islands |
| Redback Holdings Limited | Cayman Islands |
| Australia Ebon Pty Ltd | Australia |
| Ebonex Australia Pty Ltd | Australia |
| Ebonfx Australia Pty Ltd (formerly known as Compass Global Holdings Pty Ltd) | Australia |
| Ebon Financial Services Pty Limited | Australia |
| Ebon Operations Australia Pty Ltd | Australia |
| Redback Energy Holdings Pty Ltd | Australia |
| Redback Technologies Holdings Pty Ltd | Australia |
| Redback Operations Pty. Ltd. | Australia |
| Luceo Australia Pty Ltd | Australia |
| Luceo Management Pty Ltd | Australia |
| Ebon Solar Inc. (formerly known as Ebon Technology LLC) | United States |
| Ebon Global LLC | United States |
| Ebon Ventures I LLC | United States |
| Ebang Communications (HK) Technology Limited (formerly known as Hong Kong Bite Co., Limited) | Hong Kong |
| HongKong Ebang Technology Co., Limited | Hong Kong |
| HongKong Ebang Digital Technology Limited | Hong Kong |
| Ebang Digital Asset Custody Limited | Hong Kong |
| Ebang Digital Asset Management Limited | Hong Kong |
| Ebang Financial Services Limited | Hong Kong |
| Ebang Trust Limited | Hong Kong |
| Yibang Holdings (Hong Kong) Limited | Hong Kong |
| Yibang Advanced Technology (Hong Kong) Limited | Hong Kong |
| Hangzhou Ebang Shuotai Technology Co., Ltd. | PRC |
| Hangzhou Ebang Hongfa Technology Co., Ltd. | PRC |
| Zhejiang Ebang Communication Technology Co., Ltd. | PRC |
| Hangzhou Yibang Botong Technology Co., Ltd. | PRC |
| Hangzhou Ebang Shengye Technology Co., Ltd. | PRC |
| Hangzhou Ebang Hongkun Technology Co., Ltd. | PRC |
| Hangzhou Kunyuan Information Technology Co., Ltd. | PRC |
| Hangzhou Yibang Zhiyuan New Materials Co., Ltd. | PRC |
| Yibang New Materials (Inner Mongolia) Co., Ltd. | PRC |

Certification by the Principal Executive Officer and Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dong Hu, certify that:

1. I have reviewed this annual report on Form 20-F of Ebang International Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 24, 2026

By: /s/ Dong Hu

Name: Dong Hu

Title: Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

Certification by the Principal Executive Officer and Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Ebang International Holdings Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dong Hu, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 24, 2026

By: /s/ Dong Hu
Name: Dong Hu
Title: Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

24 April 2026

Matter No.: 1016528
Doc Ref: BXC/jm/111751063

+852 2842 9403
Beverly.Cheung@conyers.com

The Directors
Ebang International Holdings Inc.
600 East John Carpenter Freeway
Suite 110
Irving, Texas 75062
United States

Dear Sirs,

Re: **Ebang International Holdings Inc. (the “Company”)**

We refer to the annual report of the Company for the fiscal year ended 31 December 2025 on Form 20-F (the “**Annual Report**”) to be filed with the U.S. Securities Exchange Commission (the “**Commission**”) pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934 on or about 24 April 2026 (the “**Form 20-F**”).

We consent to the filing of this letter as an exhibit to the Annual Report and to the inclusion therein of the reference to our name under the heading “Item 10. Additional Information - E. Taxation - Cayman Islands Taxation” in the Annual Report in the form and context in which they appear.

In giving such consent, we do not hereby admit that we are experts within the meaning of Section 11 of the U.S. Securities Act, 1933 or that we are in the category of persons whose consent is required under Section 7 of the Securities Act, 1933 or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

/s/ Conyers Dill & Pearman

Conyers Dill & Pearman

競天公誠律師事務所

JINGTIAN & GONGCHENG

Room 1401A, 03B, Tower 2, Phase 4, Kerry Center Qianhai, Qianhai Avenue, Qianhai Shenzhen-Hongkong Cooperation Zone, Nanshan District, Shenzhen
T: (86-755) 2155-7000 F: (86-755) 2155-7099

April 24, 2026

To: Ebang International Holdings, Inc.

600 East John Carpenter Freeway,
Suite 110, Irving,
Texas 75062,
United States

Dear Sir/Madam,

We hereby consent to the reference to our firm and the summary of our opinion under the headings, “Item 3. Key Information—D. Risk Factors—Risks Relating to Conducting Business in China”, “Item 4. Information on the Company—C. Organizational Structure”, “Item 4. Information on the Company—B. Business Overview—Regulation—Regulation Regulatory Overview of the PRC” and “Item 10. Additional Information—E. Taxation—PRC Taxation” in Ebang International Holdings, Inc.’s Annual Report on Form 20-F for the year ended December 31, 2025 (the “Annual Report”), which will be filed with the Securities and Exchange Commission (the “SEC”) in the month of April 2026.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ Jingtian & Gongcheng

Jingtian & Gongcheng

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-257787 and File No. 333-271513) and Form F-3 (File No. 333-271512) of our report dated April 24, 2026 with respect to the audited consolidated financial statements of Ebang International Holdings Inc., appearing in this Annual Report on Form 20-F for the year ended December 31, 2025.

/s/ MaloneBailey, LLP
www.malonebailey.com
Houston, Texas
April 24, 2026