
BUSINESS

OVERVIEW

Who we are

We are a new energy materials company. We are primarily engaged in the R&D, production and sales of new energy battery materials with a focus on pCAM, and new energy metal products. We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries, ranking the first by shipment volume for five consecutive years since 2020 with market share of 20.3% and 28.0% in terms of nickel-based pCAM and cobalt-based pCAM in 2024, respectively. Nickel-based pCAM, phosphorus-based pCAM and cobalt-based pCAM are the mainstream pCAM. Accordingly to Frost & Sullivan, in terms of sales value, the nickel-based pCAM, phosphorus-based pCAM and cobalt-based pCAM accounted for 75.2%, 23.1% and 1.2% of the total pCAM market in 2024, together of which accounted for 99.6% of the overall pCAM market in terms of sales value in 2024. We ranked the first globally in 2024 in terms of sales value for all pCAM products, with a market share of 21.8%. Our new energy battery materials are essential to lithium-ion batteries that are widely used in EV, ESS, consumer electronics, as well as applications with higher power demands and therefore strong commercial potentials, such as AI-enabled consumer electronic devices, humanoid robotics and low-altitude aerial vehicles.

Starting from R&D for new energy battery materials, we have since established an integrated operation spanning from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling. Our integrated supply chain enables us to sell new energy metal products, which mainly include nickel intermediates and electrolytic nickel, as well as certain by-products of the nickel extraction process such as cobalt and copper. We have built a global presence in terms of customer base, supply chain and manufacturing sites, which propels our growth and future development. According to the Frost & Sullivan, among the major kinds of new energy metal materials, the production volume of nickel, cobalt, lithium and copper was 3.5 million metal tons, 0.3 million metal tons, 0.2 million metal tons and 23.0 million metal tons globally in 2024, respectively. By production volume, we ranked the sixth in the global nickel product market in 2024, with a market share of 3.7%.

By sales value, the market size of pCAM of RMB87.7 billion and market size of new energy metals of RMB2,455.8 billion accounted for approximately 3.2% and 90.6% of the global market size of new energy materials in 2024, respectively, which consisted of (i) new energy battery materials of RMB256.0 billion, including pCAM, CAM, anodes, electrolyte fluid and separators, and (ii) the new energy metals of RMB2,455.8 billion, including lithium, nickel, cobalt and copper.

Riding on the back of our technological know-how and vertically integrated operation globally, we have achieved global leadership in the new energy battery materials industry.

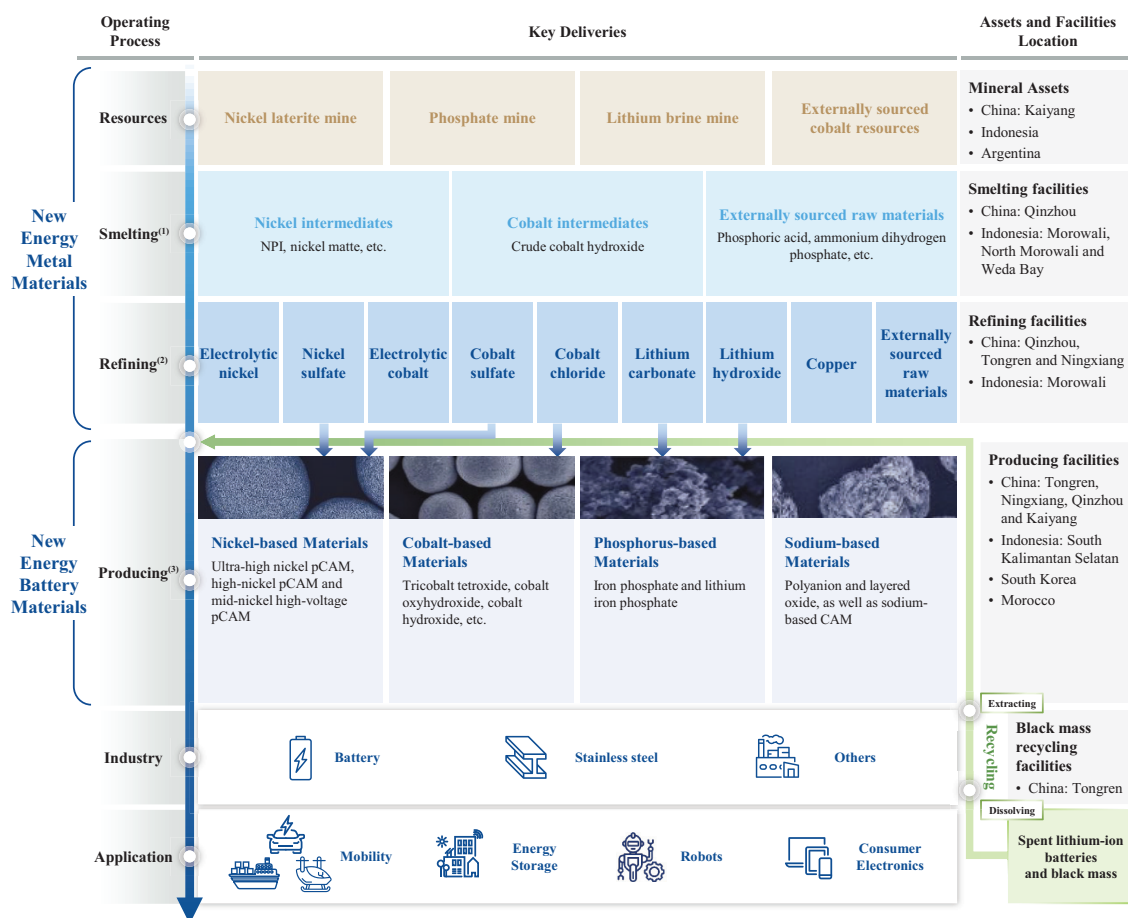
Our business and products

We have established a vertically integrated operation spanning from upstream new energy metals mining, smelting and refining to new energy materials products and to recycling. As early as 2020, we initiated our vertical integration strategy. Since then, we have secured global access to critical mineral resources, including nickel laterites, phosphate and lithium. As of the Latest Practicable Date, we held 51.0%, 48.8% and 46.7% equity interests in three nickel laterite mines in Indonesia, respectively, for which we have secured pre-emptive rights for the lateritic nickel ores produced therein. As of the same date, we held 100.0% equity interests in a phosphate mine in Kaiyang, China. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang phosphate mine. Upon completion of the capital increase, the state-owned partnership will hold approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% equity interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025. As of the same date, we also held 100.0% in a lithium brine mine and 49.9% equity interest in another lithium brine mine with the remaining 50.1% equity interest to be transferred to us by the end of January 2026 in Argentina, both of which remained undeveloped. During the Track Record Period, two of our nickel laterite mines in Indonesia were in operation. See “– Production – Mineral Resources.”

BUSINESS

We have also established smelting and refining facilities that are capable of processing those mineral raw materials, together with raw materials procured externally, to produce new energy battery materials and new energy metal products. We have the flexibility to sell those new energy metal products, mainly consisted of nickel products, to the broader market, such as stainless steel, or to support our own new energy battery materials production. The allocation between external sales and internal usage of nickel products is determined dynamically, based on prevailing market conditions and our real-time production requirements. As of June 30, 2025, we achieved a nickel primary smelting capacity of approximately 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025. As part of our integrated operations, we have built facilities in our domestic production bases to recover valuable metals from mixed metal concentrate, known as “black mass,” a composite material rich in nickel, cobalt, lithium and other metals, recycled from spent lithium-ion batteries.

Our vertically integrated business model enables us to deliver a comprehensive product matrix that includes nickel-based, cobalt-based, phosphorus-based, sodium-based other innovative new energy battery materials, along with new energy metal products. pCAM, key for cathode, are essential to the performance of new energy batteries that power a variety of electronic devices and electric vehicles and represent the highest value segment in the new energy battery value chain. During the Track Record Period, substantially all of our new energy battery materials are pCAM, with all nickel-based and cobalt-based materials being pCAM. To better serve our customers and address evolving market demand, we launched phosphorus-based CAM in the second half of 2024. Our new energy battery materials improve performance through features that drive higher energy density and enhanced safety. Our new energy metal products mainly include nickel metal products. The chart below illustrates our vertically integrated business model and product matrix:



BUSINESS

Note:

- (1) The smelting process typically takes two to three days for nickel intermediates. Delivered intermediates include NPI (with a nickel content typically below 15%), low-grade nickel matte (with a nickel content typically ranging between 10% to 30%), high-grade nickel matte (with a nickel content typically exceeding 70%), etc.
- (2) The refining process typically takes 11 to 13 days to produce electrolytic nickel (a high-purity form of nickel), nickel sulfate (with a nickel content typically around 23%), and cobalt sulfate (with cobalt content typically around 20.5%), etc.
- (3) The producing process typically takes 10 to 25 days for nickel-based materials, seven to 18 days for cobalt-based materials, around 1 day for phosphorus-based materials, and three to six days for sodium-based materials. Nickel-based materials include ultra-high nickel pCAM (with nickel content of at least 90 mol%), high-nickel pCAM (with nickel content of at least 80 mol%), and mid-nickel pCAM (with nickel content of at least 50 mol%). Cobalt-based materials include tricobalt tetroxide (with cobalt content ranging between 70% to 75%).

The table below sets forth the breakdown of our revenue by products for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
(in RMB thousands, except for percentages)										
(Unaudited)										
New energy battery materials										
Nickel-based materials	24,627,656	81.2%	21,733,466	63.4%	16,163,302	40.2%	8,830,575	44.0%	7,490,866	35.1%
Cobalt-based materials	3,194,732	10.5%	2,957,722	8.6%	2,244,581	5.6%	1,078,274	5.4%	1,451,943	6.8%
Phosphorus-based materials	661	0.0%	327,722	1.0%	679,644	1.7%	246,692	1.2%	670,075	3.1%
pCAM	661	0.0%	327,722	1.0%	679,610	1.7%	246,692	1.2%	669,947	3.1%
CAM	—	—	—	—	34	0.0%	—	0.0%	128	0.0%
Other innovative materials ⁽¹⁾	—	—	—	—	9,869	0.0%	2,922	0.0%	19,368	0.1%
Sub-total	27,823,049	91.7%	25,018,910	73.0%	19,097,396	47.5%	10,158,463	50.6%	9,632,252	45.2%
New energy metal products	—	—	3,388,015	9.9%	13,483,103	33.5%	6,439,175	32.1%	9,272,895	43.5%
Metals trading	9,881	0.0%	749,037	2.2%	4,355,858	10.8%	1,969,857	9.8%	546,540	2.6%
Resales of raw materials	1,888,469	6.2%	4,011,372	11.7%	1,829,391	4.5%	836,199	4.2%	1,249,179	5.9%
Others ⁽²⁾	622,342	2.1%	1,105,889	3.2%	1,457,142	3.6%	682,493	3.4%	621,681	2.9%
Total	30,343,742	100.0%	34,273,223	100.0%	40,222,890	100.0%	20,086,186	100.0%	21,322,547	100.0%

Note:

- (1) Other innovative materials mainly include sodium-based and manganese-based pCAM.
- (2) Others mainly include revenue from contract manufacturing services.

Our R&D achievements

We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. This enables us to achieve rapid product iteration. We also actively involve research institutes, engineering academics, as well as our customers and suppliers to jointly advance our R&D endeavors covering a wide range of other new energy materials. Our commitment to R&D and advanced technology enable us to develop products for various high-potential emerging end markets. As of June 30, 2025, we had an R&D team of 1,981 professionals, accounting for 11.2% of our total employees. We had 211 patents for our principal business as of June 30, 2025.

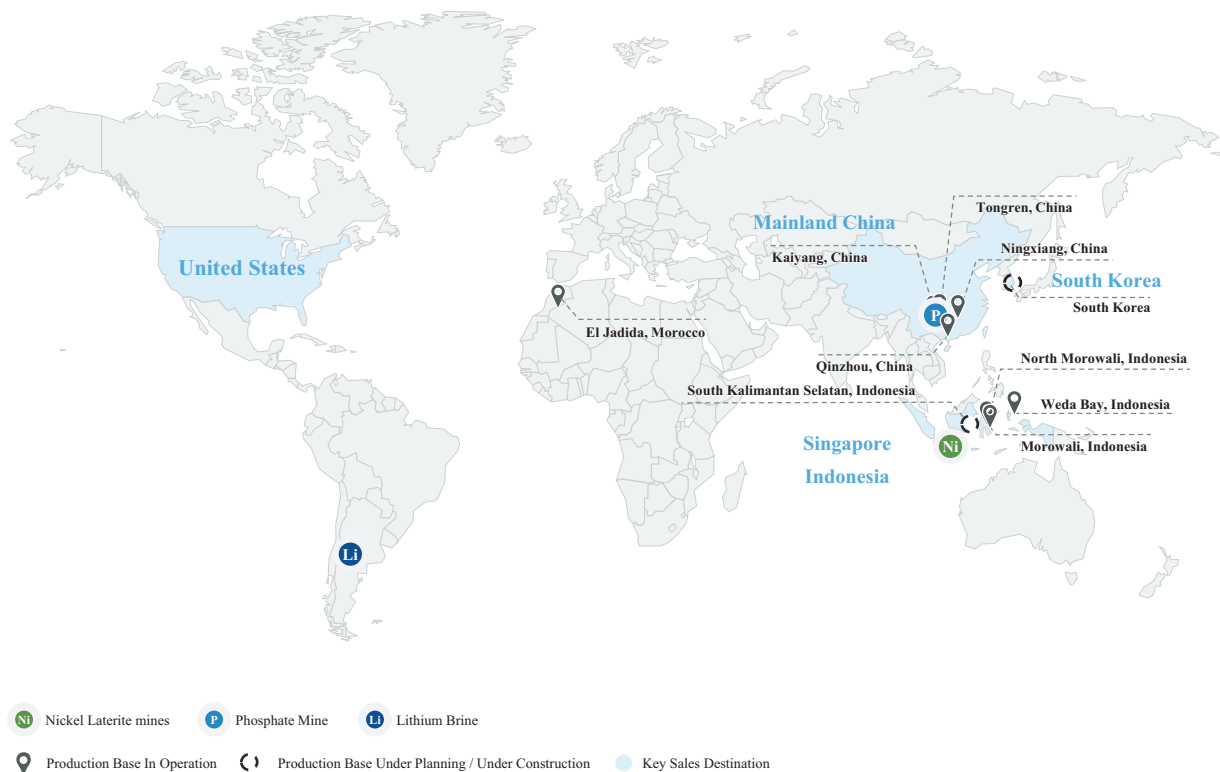
Since our inception, we have been continuously developing new products tailored to customer needs and adopting advanced technologies to enhance efficiency. Our breakthroughs include industry-first ultra-high nickel pCAM, 4.55V high voltage cobalt-based pCAM, and low-cost NFPP pCAM; experimental titanium-doped LFP pCAM; our pioneer position as the first in the world to employ eco-friendly OESBF pyrometallurgical technique to smelt lateritic nickel ores; and our centrifugal extraction technology that has transformed the nickel and cobalt hydrometallurgy. See “— Strength — Commitment in R&D and continuous technology achievements to enable delivery of high-quality, cost-efficient products and driving new applications.”

BUSINESS

As a result, our products are widely recognized by our end customers and have been adopted in leading and innovative battery products by our customers with features such as long cycle life in low-temperature conditions, fast charging rate, and high energy density supporting long driving range.

Our global footprint

We have established a global presence in terms of customer base, supply chain and manufacturing sites, which propels our growth and future development. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, revenue from our direct customers outside of China accounted for 33.7%, 41.1%, 44.5%, 45.4% and 50.6% of our total revenue, demonstrating high recognition of our products worldwide. We have also built a global supply chain with access to high-quality and cost-effective resources, including nickel, phosphate and lithium resources, allowing us to secure a stable and cost-efficient supply of raw materials consistently and enhance our business resilience. All our production bases are strategically located — either close to upstream resources or positioned to serve demands in key end markets, granting us the maximum flexibility. We position our production bases to capitalize on global demand across Asia, Europe and North America, while maintaining the agility to navigate market complexities. Specifically, we established production bases in China, the world's largest producer of new energy batteries, to remain close to a number of key customers. In Indonesia, our production bases serve as a regional hub for South and Southeast Asia, leveraging the country's abundant, high quality and cost-effective nickel resources as well as its well-established nickel value chain. In Morocco, our production base operates as a strategic hub for the European and American markets, supported by abundant phosphate and clean energy resources and an established phosphate industry value chain. Finally, our production base in South Korea, the second-largest producer of new energy batteries in terms of shipment volume in 2024, positions us near key customers in the region. As of June 30, 2025, we had four production bases in China, three production bases in Indonesia, one production base in Morocco and one production base under planning in each of Indonesia and South Korea. We also form strategic partnerships with leading local industry players in our global expansion.



BUSINESS

Our high-quality customers

We have a high-quality customer base globally covering industry leading players in new energy materials, battery, automotive and consumer electronics industries. We supply leading cathode companies directly and act either as a direct supplier or an indirect supplier (by providing products to the designated cathode companies) to world-renowned battery companies and top automotive brands. Notably, we supplied to top 10 global EV battery manufacturers by shipments in 2024. We have forged strong and long-term relationship with these customers.

Our sustainable development

We actively promote the United Nations Sustainable Development Goals. As a member of the United Nations Global Compact (UNGC) since May 2023, we support UN's Sustainable Development Goals (SDGs) and adhere to the ten principles of the UNGC. We have established a comprehensive sustainable development system and maintained regular communication with our stakeholders regarding our ESG governance, strategies, actions, and achievement of objectives.

We are dedicated to building a responsible supply chain that encompasses best practices related to labor, health and safety, environment, compliance management systems, business ethics, and carbon emission performance. Notably, we are actively promoting the use of green energy in our production process. In addition, our OESBF process effectively enhances multi-metal recovery while significantly reducing coal consumption and, lowering carbon emissions by approximately 10%, compared to RKEF method. We have also built facilities to recycle valuable metals from black mass, which in turn is recycled from spent lithium-ion batteries. Our recycling initiatives reduce waste, and minimize the environmental impact associated with traditional mining and smelting.

Due to our strong ESG performance in 2024, our MSCI ESG rating was upgraded to AA from BBB in 2025. The MSCI ESG Rating is a widely recognized benchmark that evaluates a Company's ESG performance and resilience. The AA rating signals that we are managing ESG risks and opportunities reasonably well.

Our market opportunities

The global low carbon and energy transition trend and the increasingly widespread adoption of AI revolution present massive growth opportunities for the new energy materials industry. We expect rapid development of both existing downstream applications, such as EV, ESS and consumer electronics, and high-potential emerging applications (such as humanoid robotics and low-altitude aerial vehicles) arising from continuous technological breakthroughs.

Global EV market has experienced explosive growth supported by innovative technologies and favorable policies in the past few years and is expected to continue to grow at a CAGR of over 20.9% from 2024 to 2030 in terms of sales volume. This will stimulate continuous demand increase for EV batteries, leading to higher demand for new energy battery materials, especially nickel-based and phosphorous-based materials. Driven by supportive government policies, along with growing integration of renewable energy generation and electric grids, the global ESS battery market is expected to grow rapidly, at a CAGR of 29.7% from 2024 to 2030 in terms of shipment volume. With LFP batteries dominating the ESS segment, demand for phosphorus-based materials is expected to increase significantly. Additionally, other cost-effective new energy battery materials, such as sodium-based alternatives, are also anticipated to play an increasingly important role.

Continuous technological breakthroughs have empowered electrification across various sectors including vessels and low-altitude aerial vehicles, driving increased demand for lithium-ion batteries and, in turn, pCAM. At the same time, increasingly widespread adoption of AI, including the development of

BUSINESS

humanoid robotics, virtual reality (VR) and augmented reality (AR) products, is creating emerging high-potential end markets for new energy battery materials. Such growing demands from key AI applications are driving continuous innovation in battery capacity and lifecycle. Meanwhile, consumer electronics, such as smartphones, laptops, and power tools, also require increasingly advanced battery material solutions.

Our financial performance

During the Track Record Period, we delivered solid growth and profit margins. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our revenue was RMB30,343.7 million, RMB34,273.2 million, RMB40,222.9 million, RMB20,086.2 million and RMB21,322.5 million, respectively, representing a year-over-year growth rate of 12.9% from 2022 to 2023, 17.4% from 2023 to 2024 and 6.2% from the six months ended June 30, 2024 to the six months ended June 30, 2025. Our net profit was also robust as we continued to execute on our integration and globalization strategies. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our net profit was RMB1,539.4 million, RMB2,100.5 million, RMB1,787.8 million, RMB1,155.8 million and RMB705.7 million, respectively. During the same period, our EBITDA (Non-IFRS measure) was RMB2,678.0 million, RMB3,903.7 million, RMB4,283.0 million, RMB2,342.8 million and RMB2,288.0 million, with EBITDA margin (Non-IFRS measure) of 8.8%, 11.4%, 10.6%, 11.7% and 10.7%, respectively.

STRENGTHS

Leading global pCAM company that benefits from high market share and growth opportunities driven by energy transition

We are a key player in the global energy transition and a new energy materials company holding market leading position in the pCAM sector for years. More specifically:

- We are the global leader of nickel-based pCAM. Our nickel-based pCAM shipment volume in 2024 accounted for 20.3% of the global market share, making us the largest producer of nickel-based pCAM for the fifth consecutive year since 2020. Over 70% of the nickel-based pCAM we offered in 2024 are high- and ultra-high nickel products in terms of shipment volume, which are better priced. Our high-nickel products captured a global market share of 31.7% in 2024. Additionally, we are the world's first company to achieve mass production of ultra-high nickel pCAM, holding a global market share of 89.5% in 2024. This showcases our strong technological capabilities and commitment to product upscaling and high-margin growth.
- We are the global leader of cobalt-based pCAM. Our cobalt-based pCAM shipment volume in 2024 accounted for 28.0% of the global market share, making us the largest producer of cobalt-based pCAM for the fifth consecutive year since 2020. All of our cobalt-based pCAM features high-voltage (exceeding 4.45V) technology, effectively bridging a critical industry gap in high-voltage applications, the high-end market. Through continuous technological advancements, we drive product iteration and cater to the high-end market.
- Our entry into phosphorus-based materials in 2022 further reinforced our market leadership, marking a significant milestone in our diversified technology roadmap and business expansion. Phosphorus-based materials have now become a key driver of our growth.
- We are making significant strides in innovative materials. We began to mass-produce sodium-based materials in 2024, delivering exceptional performance in polyanion technology and achieving industry-leading cost and efficiency in layered oxides. Our products have been certified by multiple leading battery manufacturers and have secured kiloton-scale orders.

With our leading position in high-performance battery materials and strategic focus on next-generation technologies, we are poised to seize vast market opportunities and strengthen our leadership across both

BUSINESS

existing and emerging end markets, particularly riding the wave from the infusion of AI in the various end-applications of our products.

- **EV:** Driven by technological breakthroughs, product innovation, AI-empowered features and policy support, the global EV sales are projected to reach 57.1 million units in 2030, representing a CAGR of 20.9% from 2024 to 2030. This surge in EV sales will drive strong demand for batteries, which in turn will drive demand for new energy battery materials. EV-related demand for pCAM is expected to grow at a higher CAGR of 26.8% to reach 7,903.1 thousand tons in 2030.
- **ESS:** Large-scale deployment of AI computing clusters and data centers worldwide, along with the surging demand for low-cost, high-safety ESS from power grids and industrial and commercial sectors are expected to drive the growth of global ESS battery shipments by a CAGR of 29.7% to reach 1,391.3GWh, in 2030. ESS-related demand for pCAM is expected to further grow by a CAGR of 30.5% to reach 3,162.1 thousand tons in 2030.
- **Consumer electronics:** The widespread adoption of AI technology is expected to be a key driver of the consumer electronics device sector. Consumer electronics-related demand for pCAM is expected to further grow by a CAGR of 12.8% to reach 275.2 thousand tons in 2030.
- **Emerging markets:** The rise of humanoid robotics, electric vessels and low-altitude aerial vehicles, such as eVTOLs and UAVs, are expected to increase the demand for high-energy-density and high-safety new energy battery materials, such as materials for solid-state and high nickel batteries.

Commitment in R&D and continuous technology achievements to enable delivery of high-quality, cost-efficient products and drive new applications

We have been committed to the R&D of advanced new energy battery materials ever since we tapped into the industry, in order to meet the evolving needs of leading global customers. Over the years, we have accumulated extensive technological expertise and industry experience. We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. Additionally, we take a holistic approach to coordinate our R&D initiatives across different process stages, enabling seamlessly transition from R&D results to mass-production. This ensures the production of high-quality products that meet customer needs while maintaining cost efficiency in our operations.

We have developed an intelligent R&D platform utilizing advanced modeling and simulation tools to enhance efficiency and accelerate product development. Real-world feedback from our customers is timely fed into our R&D platform as an integral part of our product development cycle, allowing us to continuously optimize product performance and iterate products efficiently. Our R&D system has shortened new product development cycle to respond rapidly to market changes. We also utilize advanced technologies for quality testing and are the first in the industry to introduce the electron microscope system to provide more detailed assessment on the product quality.

As a result, we have been leading and driving forward the breakthrough in the industry through developing new products tailored to customer needs and adopting advanced technologies to enhance efficiency. Our dedication in R&D led to the following industry “firsts” and other achievements:

- industry-first ultra-high nickel pCAM, which are able to achieve an energy density of 230mAh/g, a 27.8% to 12.7% increase compared to 180 mAh/g to 204 mAh/g in a ternary battery with 60% to 80% nickel content;

BUSINESS

- industry-first 4.55V high voltage cobalt-based pCAM, which enable faster charging capabilities for LCO batteries for consumer electronics;
- industry-first low-cost NFPP pCAM for sodium-ion batteries, a promising alternative to lithium-ion batteries, have been in mass production since 2024;
- our experimental titanium-doped LFP pCAM, which effectively enhance the kinetic performance of LFP by improving ion diffusion, electronic conductivity and structural stability;
- we are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore pyrometallurgical technique; and
- our centrifugal extraction technology has transformed the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process. See “ — Production — Refining.”

Moreover, we have been leading the industry in developing next-generation technologies and materials for various applications, including:

- ***Solid-state battery pCAM*** — we have been collaborating with leading battery companies to develop high-nickel pCAM used for solid-state batteries, which have already reached the large-scale pilot test stage;
- ***High-nickel pCAM for eVTOLs*** — we have been optimizing high-nickel pCAM design tailored for eVTOLs, focusing on achieving high density, fast charging/discharging rate and better performance under high temperatures;
- ***Sodium-based pCAM*** — we are in strategic collaboration with a leading battery company in China to develop layered oxide sodium-ion materials;
- ***Phosphorus-based materials*** — we have developed enhanced technology to produce LFP from iron phosphate compounds, which can reduce manufacturing costs. Our fourth generation of LFP, with a compacted density of around 2.6 g/cm³, is currently undergoing the verification process by our customers; and
- ***Cobalt-based pCAM*** — emerging applications, such as humanoid robotics, require stable and high-density batteries, making our cobalt-based pCAM an ideal solution.

Established international presence and outstanding globalization capabilities to capitalize on tremendous global demand while navigating market complexities

Since our inception, we have targeted the global market and have been a pioneer among Chinese new energy battery materials companies in establishing an international presence. Our globalization strategy has been guided by insights into markets, resources, and macro trends across the globe. We strategically position our manufacturing facilities and sales channels to better serve our key markets across Asia, Europe and North America, while maintaining maximum flexibility. At the same time, we are building a global supply chain to secure access to high-quality, cost-effective raw materials.

We take an agile approach to global expansion, using a combination of joint ventures, minority investments and majority acquisitions to adapt to different market conditions and opportunities. By partnering with leading local industry players, we have been able to scale up local operations quickly. Our global reach, strengthened with local partnerships, makes our business more resilient and helps us navigate the complexities of overseas operations. More specifically:

- Our Morocco production base serves as a strategic hub for the European and American markets. Additionally, we are able to leverage the abundant phosphate and clean energy resources and established phosphate value chain in Morocco;

BUSINESS

- Our Indonesia production base is transforming from a base for reliable supply of high-quality, cost-effective raw materials, to a regional hub for South and Southeast Asia; and
- Our planned production facility in South Korea production base brings us closer to certain key customers and the second largest battery producing country.

We have a proven track record in global operations, as evidenced by our successful developments in Indonesia and Morocco. These achievements demonstrate our strong global execution capabilities in developing greenfield projects, building up presence, and ultimately achieving vertically integrated operations with cost advantages.

- **Indonesia:** From 2021 to 2022, we successfully built our first production line in Indonesia in just 13 months, from construction to trial production, overcoming significant challenges during the global pandemic. Today, we are one of the world's largest nickel products producers, with an integrated business model spanning mining, smelting and refining. Our Indonesia operations are a vital part of our value chain, enhancing the global competitiveness of our overall business.
- **Morocco:** As the only large-scale new energy battery materials production facility outside Asia, our nickel-based pCAM facility in the base was constructed and became operational in just nine months, showcasing our outstanding execution capabilities.

Trusted partners of global top-tier high-quality customers with strong and long-standing relationship

Leveraging our strong R&D capabilities, proprietary technologies and high-quality, cost-efficient products, we either supply leading cathode companies directly or serve as an indirect supplier (through designated cathode companies) to world-renowned battery companies, as well as top automotive and consumer electronic brands. Notably, we supplied to top 10 global EV battery manufacturers by shipments in 2024.

We have forged long-standing relationships with our key customers, with an average cooperation period of six years with our major customers. Our customers highly value their long-term partnerships with us, recognizing that a stable, high-quality, and cost-efficient supply chain is critical to their competitive advantage.

Driven by the critical importance of battery safety and performance to end customers, suppliers of battery materials must undergo rigorous and lengthy validation processes before being approved into the supply chain. According to Frost & Sullivan, the validation timeline for new suppliers of new energy battery materials typically includes three phases (i.e. the lab-scale production, pilot-scale production, and mass production) and takes one to two years for EV and ESS applications with domestic customers, and three to four years for overseas customers, and one to two years for consumer electronics. Our products have been repeatedly validated by our key major customers over the past decade, providing a significant competitive advantage in securing future business opportunities.

Furthermore, we continue to deepen collaboration with existing customers by expanding our product offerings and engaging in early-stage co-development of new technologies. For example, we have maintained a strong partnership for over five years with a leading EV company, supplying more than 90% of the nickel-based pCAM in one of their manufacturing facilities. Additionally, we strengthen customer relationships by co-developing their next-generation products, working closely with them at the R&D stage to deliver solutions tailored for their products throughout the development cycle.

Flexible, vertically-integrated operations to ensure a secure, green supply chain and maximize value

We began as a pCAM specialist and have since evolved into a vertically-integrated global operation, spanning from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling.

BUSINESS

As early as 2020, we initiated our vertical integration strategy. Since then, we have secured global access to critical mineral resources, including nickel laterites, phosphate and lithium, and built up smelting and refining capabilities, to strengthen our supply chain security and industry leadership. Our strategic investments give us flexibility to manage our supply chain, as we continue to expand our product portfolio. We believe our current access to nickel laterites and our strategic exposure to phosphate and lithium resources will sustain the production of our lithium-ion battery materials for decades to come.

As of June 30, 2025, we achieved a nickel primary smelting capacity of approximately 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025. We price our new energy battery materials and source metal raw materials using similar benchmark prices published the LME/MB or SMM/SHFE, but with different discount rates. See “— Our Business and Products — Product pricing.” We have benefited from favorable differences in these discount rates, largely due to our integration efforts, which have allowed us to shift from sourcing high-purity metals, or metal intermediates, to metal ores, and capture more value generated through processing metals within our integrated supply chain.

Furthermore, our grip on nickel resources and processing capabilities ensures supply chain security during shortages while maximizing profitability by selling nickel products and sourcing alternative raw materials when market conditions are favorable. Our integrated operations provide a natural hedge against raw materials fluctuations and deliver cost advantages, enhancing our competitiveness in the downstream battery material market. We have the flexibility to sell nickel products processed by our smelting facilities to the broader market, such as stainless steel in addition to supporting our own new energy battery materials production. Our nickel product portfolio includes nickel intermediates (such as NPI and nickel matte) as well as electrolytic nickel, with our electrolytic nickel brand successfully registered as a deliverable brand on both LME and SHFE. Additionally, we maximize value by generating revenue from by-products of our production processes, such as cobalt and copper metals, as well as precious metals extracted from nickel laterites.

We continuously enhance operational efficiency across our entire value chain, reducing manufacturing costs, improving product quality, and accelerating production timelines, to strengthen our profitability and drive sustainable growth through market cycles.

We are dedicated to making our operations greener to drive a sustainable future. More specifically:

- As a member of the UNGC since May 2023, we support UN’s SDGs and adhere to the ten principles of the UNGC. Our commitment is exemplified by our Qinzhou production base, the industry’s first zero- carbon pCAM production facility, setting a new benchmark for sustainable manufacturing in the new energy battery materials sector;
- We have built recycling facilities to recover valuable metals from black mass recycled from spent lithium-ion batteries, which reduces waste and minimizes the environmental impact associated with metal mining and smelting. We are among the few in China accredited by MIIT for both sorting spent EV batteries and dismantling spent EV batteries and refining black mass; and
- Our OESBF process effectively enhances multi-metal recovery while significantly reduces coal consumption and carbon emissions.

Due to our strong ESG performance in 2024, our MSCI ESG rating was upgraded to AA from BBB in 2025.

Advanced engineering and manufacturing capabilities to achieve optimal operational efficiency and superior product quality

We place a strong emphasis on engineering capabilities, with in-house production techniques and equipment development driving our process advancement. For all our production bases, our engineering

BUSINESS

team is responsible for master planning, designing the engineering package, which includes all engineering specifications and requirements for the bases, and overseeing construction and delivery by external EPC contractors. Key production equipment such as reactors, concentrators and continuous ovens, is also independently designed and manufactured. This enables a seamless transition from R&D to large-scale production, while enhancing product consistency and reducing manufacturing costs. Our proprietary equipment is highly customized and complex, making it difficult for other companies to use or replicate, thereby establishing strong technical barriers in the industry. Our strong engineering capabilities have enabled us to become the only Chinese company to successfully build and operate a new energy materials production facility in Morocco. Our strong engineering capabilities are underpinned by advanced process development capabilities and integrated project management. We have a dedicated team of approximately 300 engineers specializing in engineering process development and optimization and construction. Leveraging this robust talent pool and our continuous investment in enhancing our engineering capabilities, we have developed mature process packages that can be efficiently deployed when establishing new production facilities. In addition, we have implemented an integrated construction management system encompassing design, process control, procurement, and logistics, enabling efficient and centralized execution, particularly advantageous for complex overseas projects.

We are committed to enhancing our manufacturing capabilities through automation and digitalization. In 2020, we transformed all our production bases in China into intelligent manufacturing facilities, incorporating MES systems, SAP/ERP systems and AGV technologies. This transformation has significantly improved our manufacturing efficiency in several key areas:

- ***Enhanced quality control.*** We utilize MES for automated error-proofing in material feeding and real-time inspection, and we have achieved a 0% error rate for material feeding.
- ***Improved production efficiency.*** Our integrated information management system enables real-time data transmission, effectively reducing average inspection time. Additionally, the intelligent feeding system has increased production efficiency.
- ***Optimized labor usage.*** The adoption of AGV automated logistics technologies has effectively reduced labor force, enhancing overall productivity and cost efficiency.

We have built a comprehensive digital platform that enables end-to-end operational management, integrating advanced technologies across design, processes, and equipment to streamline development lead times and enhance decision-making. By digitizing the entire manufacturing process from R&D to mass production, we can optimize production efficiency with real-time adjustments. Enabled by robotics, IoT and AI, this system ensures operational safety and exceptional cost efficiency across all business functions.

Quality control is of paramount importance of our business, and we are devoted to maintaining exceptional precision and consistency in our products at mass production levels, which are critical for our success. We attained an industry-leading product yield rates for our new energy battery materials of over 95% in 2024, reflecting our rigorous standards and operational excellence. Furthermore, we continuously optimize and iterate our production processes and technologies, driving improvements in efficiency and minimizing overall production costs. This relentless focus on manufacturing advancement ensures that we deliver superior value to our customers and remain at the forefront of the industry.

Experienced and entrepreneurial management team with strong execution capabilities

Our global success and leading market position are a testament to our management team's leadership and strong execution capabilities.

At the helm is our founder, chairman of the Board, and president, Mr. Deng Weiming, a pioneer in China's new energy materials sector. Recognizing the immense potential of the new energy industry,

BUSINESS

Mr. Deng made a strategic shift to new energy materials business in 2013. In 2021, he and the management team took another strategic step by expanding into upstream resources in Indonesia, laying a strong foundation for our integrated operations and global expansion. Our R&D culture is fueled by entrepreneurship, with Mr. Deng and the management team prioritizing sustained investment in R&D and implementing agile strategies to integrate cutting-edge technologies into our core operations.

Beyond entrepreneurship, our management team and core R&D team embody the intellectual rigor of scientists and the technical expertise of engineers. They attach great importance to science and technology, which are our core values. Our management team has consistently demonstrated strong execution capabilities, successfully implementing strategic initiatives with efficiency and precision. Since entering the new energy materials sector with cobalt-based pCAM, we swiftly rose to global No.1 in terms of shipment volume for five consecutive years from 2020 to 2024. We expanded into nickel-based materials in 2015, securing the global No.1 position ranked by shipment volume for five consecutive years since 2020. Our entry into phosphorus-based materials in 2022. These track records underscore our management's proven ability to execute efficiently and scale rapidly.

GROWTH STRATEGIES

Leverage technologies to address the emergent demands fueled by industry tailwinds

Technology and R&D are at the core of our business. We will continue to build on R&D and technological advancements to fuel the growth of our business. We are committed to technological excellence, continuously advancing our products through rapid iteration, enhanced performance and improved cost-efficiency. To stay at the forefront of industry trend, we will continue to collaborate with leading global research institutes, engineering academics and key customers to develop cutting-edge, industry-enabling technologies. By fostering scientific breakthroughs across all segments of our business, we aim to lead the next wave of technological breakthrough and shape the future of our industry. More specifically, we aim to adopt a tailored approach for each of our main product categories:

- ***Nickel-based materials.*** We aim to advance our product portfolio toward high-nickel materials and accelerate product iteration. We believe that this will enable us to capture emerging demand driven by the commercialization of humanoid robotics and low-altitude aerial vehicles, such as eVTOLs and UAVs, which require high-energy-density solutions.
- ***Cobalt-based materials.*** We aim to continue to develop stable, high-density cobalt-based materials to support the wider adoption of AI applications, including AR/VR devices and other portable AI-powered equipment.
- ***Phosphorus-based materials.*** We aim to strengthen and expand our global presence in the phosphorus-based materials market, leading with high-density, high-ductility and cost-effective products to meet evolving industry needs.
- ***Next generation materials.*** We plan to pioneer next-generation battery technologies by mass-producing sodium-ion and solid-state battery materials, leveraging their cost advantages and superior safety performance to capitalize on industry tailwinds.

Through this strategy, we aim to establish ourselves as a technology-driven enabler of new energy materials, positioning us for continued growth.

Continue to enhance global footprint and strengthen stable supply of upstream resources

Aligned with our globalization strategy, we are committed to further integrating into the global new energy value chain by leveraging our natural resources advantages, integrated operations, global reach, and

BUSINESS

intelligent manufacturing capabilities at our production bases. We believe this will enable us to better serve our global customer base.

We will explore opportunities to acquire additional high-quality mineral resources critical to our operations. We aim to focus on nickel, phosphate and lithium resources worldwide. In assessing the potential opportunities, we plan to consider factors such as the prevailing cycle, valuation, resource prices and development costs. To accelerate our global expansion, we will also continue to allocate resources to scale our overseas operations. We are fast-tracking capacity expansion at our production bases in Indonesia and Morocco and evaluating plans for the construction of our first nickel-based material production line in South Korea. To support the rapid development of our global industrial bases, we plan to attract top talent to enhance local capabilities across production, engineering, sales and marketing, and management.

Capitalize on our expertise in industrial integration to strengthen our supply chain and expand our industrial ecosystem

Our global integrated operation is a key driver of our rapid growth. In the nickel-based materials category, we have strategically secured upstream nickel laterites resources and established a vertically integrated value chain—from laterite nickel ores to high-nickel pCAM. We plan to strengthen our upstream and midstream nickel production capacities in Indonesia, enhancing our ability to capitalize on opportunities in the broader nickel industry while ensuring a stable supply for our downstream new energy materials production.

We also plan to extend our expertise in industrial integration to develop phosphorus-based materials value chain, further expanding our industrial ecosystem. This strategy fosters seamless coordination between resources and technologies while enhancing vertical synergies, paving the way for a low-carbon, collaborative, and sustainable new energy ecosystem.

Specifically, in phosphorus-based materials, we are leveraging our existing phosphate and lithium resources to build an integrated value chain—from raw material extraction to LFP production. By doing so, we not only broaden our product portfolio but also unlock full-spectrum cost advantages through vertical integration and synergy optimization.

Promote digitalization and intelligent technologies across all aspects of operation

We are committed to advancing digitalization, automation, and intelligent technologies across all aspects of our integrated operations, including R&D, manufacturing, supply chain management, and quality control, to foster intelligent and sustainable growth.

By deploying cutting-edge digital and intelligent technologies, we plan to upgrade our existing manufacturing facilities and develop production bases, ensuring a seamless transition to new industrial standards. Additionally, we plan to increase investments in automated robotic systems for material handling, assembly, and inspection, streamlining production processes, as well as IoT and AI to further improve operational safety and cost efficiency.

Furthermore, we aim to leverage big data analytics and AI-driven tools to enhance real-time monitoring and data-driven decision-making, enabling full information traceability and driving operational excellence.

OUR INTEGRATED GLOBAL OPERATIONS

We are a new energy materials company, and we are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years from 2020 to 2024. pCAM, a critical new energy materials, has been our business focus and will remain our focus of future development. We offer a comprehensive and tailored portfolio of new energy battery materials, that spans

BUSINESS

all major types of CAM, essential for lithium-ion and other advanced battery technologies. As we evolved, we have expanded upstream by acquiring mineral resources starting in 2022, which enabled us to secure an economic supply of raw materials. In 2023, we started to offer new energy metal products when it is more economical to procure raw materials from external sources, giving us the flexibility to maximize the value of our investment. In addition, in 2019, as part of our initiatives to reduce waste and minimize the environmental impact associated with traditional mining and smelting, we built our first facilities to recycle valuable metals from black mass, which in turn is recycled from spent lithium-ion batteries. The expansions make operations integrated along the value chain—from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling. This synergistic, closed-loop economy model enhances operational efficiency, strengthens our competitive edge, and reinforces our leadership in new energy materials.

We have been expanding our international presence across customer bases, supply chain and manufacturing. A stable and sustainable supply of key minerals is critical to the success of our operations. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, revenue from our direct customers outside of China accounted for 33.7%, 41.1%, 44.5%, 45.4% and 50.6% of our total revenue, demonstrating high recognition of our products worldwide. We have built a global supply chain with access to high-quality and low-cost resources, including nickel, phosphate and lithium brine, allowing us to secure a stable and cost-efficient supply of raw materials and enhance our business resilience. Our ten production bases are strategically located—either close to upstream resources or positioned to serve demands in key end markets in China and overseas. Production bases in China manufacture all categories of our tailored, high-performance new energy battery materials, and produce nickel sulfate and electrolytic nickel. We established production bases in China, the world's largest producer of new energy batteries, to remain close to a number of key customers. In Indonesia, smelting and refining operations adjacent to our mine assets specialize in nickel products, including nickel intermediates (such as, NPI and nickel matte) and electrolytic nickel. We established our production bases in Indonesia to serve as a regional hub for South and Southeast Asia, leveraging the country's abundant and high-quality nickel resources as well as its well-established nickel value chain. Our Morocco production base serves as a strategic hub for the European and American markets, supported by abundant phosphate and clean energy resources and an established phosphate industry value chain. Our production base in South Korea, the second-largest producer of new energy batteries in terms of shipment volume in 2024, positions us near key customers in that region.

As we broadened our access to upstream resources, we began to sell new energy metal products. Rather than a shift away from our commitment to pCAM, it provides us with additional flexibility in maximizing the value of our investments and assets. In particular, we have the flexibility to sell NPI, other nickel intermediates and electrolytic nickel to the broader market—serving industries such as stainless steel and high-performance alloys—or to utilize nickel sulfate processed from high-grade nickel matte as raw materials for manufacturing lithium-ion battery materials. The allocation between external sales and internal usage of nickel products is determined dynamically, based on prevailing market conditions and our real-time production requirements. In particular, when deciding whether to sell our nickel products or utilize them as raw materials in our production processes, our primary consideration is the overall economic benefit. For example, we conduct a comparative analysis between the market prices of nickel sulfate and nickel powder, nickel pellets and MHP. If it is determined that procuring nickel powder, nickel pellets and MHP as raw materials is more cost-effective than using our own nickel products, we would opt to sell the nickel products in the market and purchase nickel powder, nickel pellets and MHP for the production of nickel-based materials. For example, in 2024, our revenue from new energy metal products increased by 298.0% from 2023, as we determined that processing our nickel metal ores into new energy products for external sales would generate more profit than processing them into raw materials for our new energy battery materials. Going forward, we plan to continue to take advantage of such flexibility to supplement the profit generated from the sales of new energy battery materials and maximize our return. This flexibility also allows us to maximize profitability and strengthens our competitiveness in the downstream battery material market. Additionally, we create additional value by generating revenue from by-products of our production processes, such as cobalt and copper metals, as well as precious metals extracted from nickel laterites.

BUSINESS

We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy, to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. Since our inception, we have been continuously developing new products tailored to customer needs and adopting advanced technologies to enhance efficiency.

Through deep collaboration with leading global companies in the battery, EV, and consumer electronics industries, we integrate our research and development efforts with those of our customers, ensuring our R&D efforts align with both their current and future battery technologies. By working hand-in-hand with our customers, we provide industry-leading new energy battery materials tailored to their exact specifications from the outset of product development, while also pioneering materials that will drive the battery technologies of tomorrow. This integrated R&D creates high switching costs and strong barriers to replication. See “— Research and Development — Our Research and Development” for further details. Furthermore, we are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore smelting technology, and our centrifugal extraction technology has transformed the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process.

At the end of these materials’ lifecycle, we have established facilities in China to recover valuable metals from black mass, a cost-effective source of nickel, cobalt, lithium, and other metals derived from spent lithium batteries.

OUR BUSINESS AND PRODUCTS

Overview

We primarily engage in R&D, production and sales of new energy battery materials, as well as new energy metal products. Our diverse, industry-leading battery material portfolio is divided into four main categories based on the primary metal or chemical element: nickel-based materials, cobalt-based materials, phosphorus-based materials and other innovative materials, covering all major types of CAM. Each category offers a range of basic series that can be tailored to align with individual specifications of our customers, by varying key parameters—such as metal ratio, doping levels and crystal structure. This flexibility allows us to offer solutions for a wide range of applications, from high-energy-density needs to cost-sensitive options, to those focusing on high charging rate or long cycle life.

Our integrated supply chain also enables us to sell new energy metal products, which mainly include (i) nickel products consisting of nickel intermediates (such as NPI and nickel matte) and electrolytic nickel, and (ii) certain by-products of nickel extraction process such as cobalt and copper, to maximize profitability. We have the flexibility to sell nickel and cobalt products to the broader market or utilize them as raw materials for manufacturing our new energy battery materials, depending on market conditions and our production demand. More specifically, we have the flexibility to choose to procure raw materials from external sources when the selling nickel products generate more profit than the incremental profit from using them as raw materials in our production process. The new energy metal products we sell and the raw materials we use are mainly different types of nickel products with different production processes as detailed in “—Production.” As such, the profitability can be different as a result of the difference in prices and production costs.

Additionally, we engage in metals trading, which primarily involves nickel, leveraging our expertise in these markets, to better inform our core business and broaden our connections and reach in the industry. We mitigate the market risks arising from our trading activities through a comprehensive and robust risk management program.

BUSINESS

Finally, benefiting from nickel production capabilities derived through our integrated operation, we from time to time resell externally sourced nickel raw materials, such as high-purity nickel and nickel matte, to maintain an optimal inventory level in response to the raw material price fluctuations. We also maximize value by generating revenue from other by-products of our production processes, such as precious metals extracted from nickel laterites and chemical products.

New energy battery materials

We produce and sell pCAM and CAM to our customers, which can be further processed to produce cathodes of new energy batteries. During the Track Record Period, substantially all of our new energy battery materials are pCAM, with all nickel-based and cobalt-based materials being pCAM, and to a lesser extent we also produce and sell phosphorus-based CAM. Since each customer has unique requirements for their battery performance, we work closely with them to understand their needs and deliver precisely the right materials for their technology, whether the focus is on energy density, cycle life, charging rate, safety or cost-efficiency. We have a streamlined and efficient product development process that enables us to respond swiftly to our customers' needs. Our product R&D process consists of three main stages: small-scale trials, pilot tests, and full-scale production, with close collaboration with our customers at each stage. In general, our product R&D process lasts approximately one to three years before full-scale production.

From 2015 to 2020, the rapid rise of the EV market was driven by breakthroughs in battery technology, particularly advancements in energy density that enabled longer driving ranges. In response, we focused our product development on mid-to-high nickel pCAM, significantly enhancing the energy density of ternary batteries. To meet these evolving demands for greater cost-efficiency and faster charging capabilities since 2020, we have introduced a portfolio of solutions including mid-nickel pCAM, phosphorus-based materials, and sodium-based pCAM. Looking ahead, there will be growing demand for ultra-high energy density, ultra-fast charging, and excellent safety, according to Frost & Sullivan. Our next-generation products are strategically designed to address these future requirements.

Nickel-based materials

Our nickel-based materials are nickel-based pCAM, mainly including NCM/NCA pCAM, which are powdered forms of nickel mixed hydroxides and oxides.

NCM/NCA pCAM are essential materials for producing cathodes in ternary lithium-ion batteries. Both NCM and NCA are widely-used CAM in the industry, particularly for EV, ESS and low-altitude aerial vehicles such as eVTOL offering high energy density, high safety and medium cycle life.

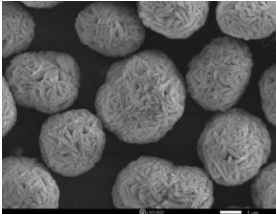
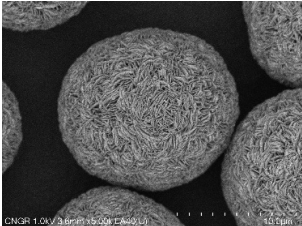
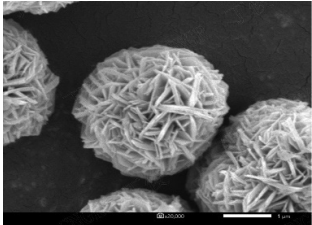
Based on the nickel molar percentage (mol%) in the product, our nickel-based pCAM are available in several basic series, corresponding to different CAM, such as Ni50 series for NCM5, Ni60 series for NCM6, Ni80 series for NCM/NCA8, and Ni90 series for NCM/NCA9 series. For example, NCM5 series contains at least 50 mol% of nickel, while NCM/NCA9 series contains at least 90 mol% of nickel. Nickel can increase energy density in the resulting batteries, cobalt can stabilize the layered structure of the cathode and improve cycle life, and manganese or aluminum can enhance the structural stability of the resulting new energy batteries. Through adjusting the proportion of different metal components, suitability of nickel-based materials for various scenarios can be achieved. Typically, the selling price of nickel-based products increases with higher nickel content.

We are the global leader of nickel-based pCAM. Based on 2024 shipment volume, our nickel-based pCAM account for 20.3% of the global market share, securing the top position for five consecutive years since 2020. In terms of shipment volume, over 70% of our nickel-based pCAM are high- and ultra-high nickel products. Our high-nickel products captured a global market share of 31.7% in 2024. Additionally, we are the world's first company to achieve large-scale mass production of ultra-high nickel pCAM, holding a global market share of 89.5% in 2024.

BUSINESS

During the Track Record Period, as affected by the fluctuation in nickel price, the average selling price of our nickel-based materials decreased from RMB123,100 per ton in 2022 to RMB82,900 per ton in 2024, and further decreased from RMB87,300 per ton in the six months ended June 30, 2024 to RMB76,600 per ton in the six months ended June 30, 2025.

The diagram illustrates our representative and selected nickel-based pCAM products and use cases.

Category	Product	SEM microstructure picture	Features	Use cases
Ultra-high nickel product	Ni96		This ultra-high nickel ternary precursor features superior sphericity, dispersibility and density, while maintaining a small particle size. These can bring about high energy density and high charge/discharge rate performance in resulting new energy batteries.	Premium EV
	Ni92		This ultra-high nickel ternary precursor features sphericity, radial structure, porous distribution with a dense core and loose outer layer, and high crystallinity. These can bring about high energy density, long cycle life and high compaction in resulting new energy batteries.	Premium EV, low-altitude aerial vehicles and robotics
Mid-nickel products	Ni60		This mid-nickel ternary precursor features good sphericity, loose structure, high activity of primary grains, and a narrow particle size distribution. These can bring about high capacity, low cost, and high safety in resulting new energy batteries.	Mass market EV

BUSINESS

Cobalt-based materials

Our cobalt-based materials are LCO pCAM, which are powdered forms of tricobalt tetroxide, serving as precursors for LCO, which is widely used in batteries for consumer electronics and robotics, due to its high energy density, high discharge voltage, good filling properties, and medium cycle life.

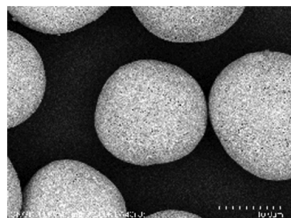
We utilize various chemical components and features in the synthesis of cobalt oxide, such as hydroxyl groups, which contribute to high thermal stability, and the hydrogen-oxygen system, which enhances the uniformity of the crystal structure in aluminum-doped cobalt oxide.

We are the global leader of cobalt-based pCAM. Based on 2024 shipment volume, our cobalt-based pCAM represents 28.0% of the global market share, ranking first globally for five consecutive years since 2020. All of our cobalt-based pCAM features high-voltage (exceeding 4.45V) technology, effectively bridging a critical industry gap in high-voltage applications.

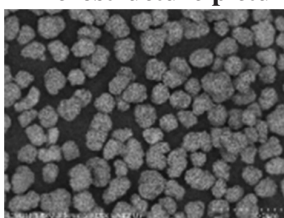
Our cobalt-based pCAM are primarily used for batteries for a wide range of consumer electronics and robotic applications. We offer cobalt-based pCAM with aluminum content of 1.2%, 0.9% and 0.6%, which can be used to produce batteries with a wide range of power capacity. In general, cobalt-based pCAM with higher aluminum content are able to support higher-voltage battery platform, which in turn can be used for batteries with higher power capacity.

During the Track Record Period, as affected by the fluctuation in prices of cobalt price, the average selling prices of our cobalt-based materials decreased from RMB327,900 per ton in 2022 to RMB106,600 per ton in 2024, while increased from RMB113,700 per ton in the six months ended June 30, 2024 to RMB124,300 per ton in the six months ended June 30, 2025.

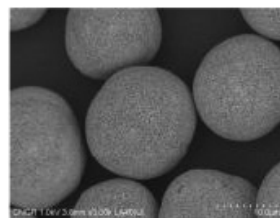
SEM microstructure picture



Al1.2%



Al0.9%



Al0.6

Phosphorus-based materials

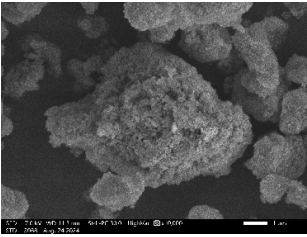
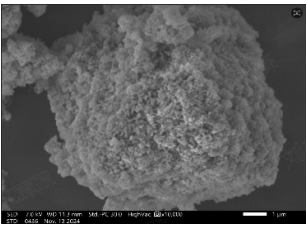
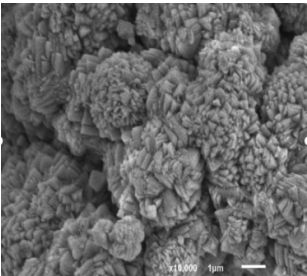
Our phosphorus-based materials primarily include LFP pCAM. LFP pCAM are powdered forms of iron phosphate compound, serving as precursors of LFP, which are widely used in EV and ESS batteries, due to their high cycle life, thermal stability and cost-effectiveness. We launched LFP pCAM in 2022.

To enhance electrochemical properties of LFP pCAM, we dope iron phosphate compound with additional elements such as manganese and titanium. For example, our manganese-doped iron phosphate compound increases energy density by 15% compared to iron phosphate compound. Our titanium-doped LFP pCAM products effectively enhance their kinetic performance of LFP by improving ion diffusion, electronic conductivity, and structural stability. This leads to faster charge/discharge rates, improved power output, and extended cycle life.

During the Track Record Period, as affected by the supply and demand dynamics, the average selling prices of our phosphorus-based materials decreased from RMB14,300 per ton in 2022 to RMB8,700 per ton resulted from over-supply of LFP batteries in the market, while increased from RMB8,800 per ton in the six months ended June 30, 2024 to RMB9,200 per ton in the six months ended June 30, 2025 for the improved product quality.

BUSINESS

The diagram illustrates our representative and selected LFP pCAM products and use cases.

Product	SEM microstructure picture	Features	Use cases
FP505		This LFP pCAM, doped with titanium (with a titanium content of approximately 0.4% or higher), exhibits enhanced kinetic performance and significantly improves ionic conductivity. This material meets the requirements for 3.5-generation and above LFP (with a compacted density of approximately 2.55 g/cm ³ or higher) while maintaining a high low-temperature capacity retention rate.	Mass market EV and ESS
FP302		This LFP pCAM features a 50nm platelet crystal structure with high stability, excellent crystal strength, and product consistency. After sintering, it exhibits a uniform pore distribution and is suitable for third-generation and above LFP (with a compacted density of approximately 2.50 g/cm ³ or higher).	Mass market EV and ESS
MFP202		This manganese-doped, or LFMP, pCAM has higher crystallinity, enabling high tapped density (with a tapped density of approximately 2.35 g/cm ³ or higher) and a discharge voltage of approximately 3.75V or higher.	Mass market EV

To better serve our customers and address evolving market demands, we have expanded our phosphorus-based product offerings beyond pCAM to include LFP in second half of 2024. LFP are powdered forms of lithium iron phosphate compound. Our third generation of LFP, with a compacted density of around 2.50 g/cm³, has achieved stable production. Meanwhile, our fourth generation of LFP, with a compacted density of around 2.6 g/cm³, is currently undergoing the verification process by our customers. We have developed enhanced technology to produce LFP from iron phosphate compounds, which can reduce manufacturing costs.

Other innovative materials

Our other innovative materials primarily include sodium-based and manganese-based materials.

We have developed sodium-based category for sodium-ion battery technology, a promising alternative to lithium-ion batteries for light EV and ESS, due to the abundance and lower cost of sodium. Sodium-based batteries that contain our pCAM offer long cycle life, high safety and high charging rate, which is ideal for mid- and low-speed EV and long cycle ESS. Sodium-ion battery technology is still evolving, and we primarily focus on polyanion compounds and layered oxide. Layered oxides materials have a layered crystal structure and offer good energy density and performance. Polyanion compounds have a stable, extended framework formed by polyanions, such as NFPP, offering high thermal and structural stability. Our sodium-based materials are in powdered form. Notably, our NFPP pCAM series has been mass-produced, and our sodium-based pCAM have achieved industry-leading levels in several key parameters, including element distribution, XRD data and crystallinity.

Similar to phosphorus-based materials, we are developing sodium-based CAM to expand further down the value chain. We are also exploring manganese-based materials, which are pCAM that contain higher

BUSINESS

manganese and lower cobalt. Our 5.0V high-voltage product in this category has been adopted in our key customers' products.

Customization

We design our products with precision, tailoring each product to meet the unique specifications of our customers. The extended R&D and verification period in the customization process enhances customer reliance on our products. Collaboration in R&D, process compatibility, and integration into future iterative product upgrades facilitate the establishment of a strong long-term partnership. The examples of collaborations below highlight our commitment to R&D and our ability to deliver customized products.

Case study — customized nickel-based pCAM

- **Key features:** high energy density
- **R&D period:** 33 months.
- **Customization process:** In 2022, a customer commissioned us to develop a customized nickel-based pCAM, intended for use in high-capacity EV batteries with a target battery cell capacity of 215 mAh/g or higher. Throughout the R&D process, we carried out multiple rounds of optimization and validation based on the customer's requirements, with a focus on particle size and distribution, specific surface area, impurity content and peak intensity ratio of the main peaks in the XRD analysis.
- **Production:** We expect ton-level sample certification to be completed by 2025, and depending on the customer's and its end user's plans, we may begin the mass production in the same year.

Case study — customized LCO pCAM

- **Key features:** high-voltage
- **R&D period:** 15 months.
- **Customization process:** In 2023, a customer commissioned us for R&D of customized LCO pCAM, which were expected to be applied to consumer electronics with high voltage requirement. We combined the customer's multi-element doping route and our proprietary technology in the R&D process. Using this technological approach, we have conducted multiple iterations and successfully developed 4.47V and 4.50V products for this customer. After multiple rounds of verification and optimization of element ratios, we have completed the pilot-scale sample certification.
- **Production:** We expect ton-level sample certification to be completed by 2025, and depending on the customer's and its end user's plans, we may begin the mass production in the same year.

New energy metals

We employ pyrometallurgical techniques, including the OESBF and RKEF processes, to produce NPI, low-grade and high-grade nickel matte from lateritic nickel ores at our three production bases in Indonesia, and one production base in China. NPI and low-grade nickel matte have lower nickel purity and can be used for stainless steel production and other nickel-related industrial applications. Low-grade nickel matte can be further refined into high-grade nickel matte, which is a raw material to produce nickel sulfate, a key raw material to manufacture pCAM. Alternatively, they can be processed into electrolytic nickel, which has higher nickel purity, suitable for specialty uses, such as producing superalloys. Typically, our NPI and

BUSINESS

nickel matte are in powdered form, while our electrolytic nickel is primarily produced in solid form, such as nickel plates. Our electrolytic nickel brand has been successfully registered as a deliverable brand on both LME and SHFE.

Our smelting facilities in Indonesia are equipped with flexible production lines, allowing us to adjust the product mix of NPI, low-grade nickel matte, and high-grade nickel matte based on cost-effectiveness and economic benefits. When it is more economical to source alternative nickel materials for our pCAM production, we sell nickel products, consisting of nickel intermediates (such as NPI and nickel matte), and buy such raw materials in the market. Our integrated supply chain also enables us to sell electrolytic cobalt and copper, by-products of nickel extraction process to maximize profitability. This flexibility in production and sourcing allows us to optimize profits, reinforcing our competitive advantage in the new energy battery materials industry.



Nickel plate



Nickel matte

Metals trading

Leveraging our expertise in the market, we engage in metals trading to better inform our core business and broaden our connections and reach in the industry. In our metals trading operations, we procure finished metal commodities, primarily electrolytic nickel, and subsequently sell them to buyers in the market. Our trading activities provide strategic advantages by raising our profile within the metal industry and allowing us to stay ahead of market trends, optimize pricing strategies, and build stronger relationships across the supply chain.

Our operating center is responsible for the overall management of metals trading business. In line with operational requirements and business development objectives, the operating center continuously identifies and evaluates trading opportunities. Each December, the trading team prepares the following year's trading plan, which sets out the anticipated types of metal commodities, target of trading volumes and limits of inventory levels, funds and loss exposures. When establishing targets and limits for our trading activities, we carefully consider a range of factors, including both historical and anticipated market conditions, the volatility of relevant metal commodity prices, the efficiency of fund utilization, current inventory levels, and our overall exposure to potential losses. This plan is subject to management approval, after which the trading team conducts metals trading in accordance with the approved plan and established risk management protocols. When working towards the target of trading volume, the trading team continuously assesses market conditions and executes trades if they consider that there is appropriate trading opportunities. As such, the actual trading volumes in any given year may fluctuate based on prevailing market dynamics and may not always meet the targets previously established. When evaluating trading opportunities, the trading team closely monitors market price fluctuations of metal commodities. If the team anticipates a potential price increase in the near future, they may proactively procure metal commodities in advance to capitalize on favorable market conditions, selling them when prices reach a desirable level. The operating center will monitor the trading activities on an on-going basis to ensure that trading volumes do not exceed the set limits. If an adjustment to these limits becomes necessary, any changes will be made subject to management approval. Pursuant to the approved trading plan, the trading team sources suitable metal commodities, primarily electrolytic nickel, from carefully selected third-party suppliers, which are then held for future trading purpose. Throughout the Track Record Period, we primarily settled our metals trading with the suppliers and customers on a physical basis, with delivery effected through the transfer of warehouse receipts representing the underlying metal commodities.

BUSINESS

To safeguard against price volatility and market fluctuations, we employ a comprehensive and robust risk management program. Our financial department assesses the economic viability of metals trading. It monitors the key business indicators for metals trading including the price of the metal products, and alert our trading team of any abnormality. In particular, we will monitor the benchmark price of relevant nickel on LME and SHFE. To more effectively prevent and control operational, market and financial risks associated with metals trading, relevant departments of us regularly monitor and analyze trading products, prices and risk exposures, and promptly issue risk alerts, propose preventive measures, and define handling procedures to ensure our stable operations and sustainable development.

Resales of raw materials

Our integration efforts have allowed us to shift from sourcing high-purity metals or metal intermediates to metal ores. Leveraging our nickel production capabilities, we from time to time resold externally sourced nickel raw materials during the Track Record Period, such as high-purity nickel and nickel matte, to maintain an optimal inventory level in response to the raw material price fluctuations. Those nickel raw materials were procured externally for the purpose of producing our own products, as compared with the finished metal commodities procured under our metals trading business, which were held for future trading purpose only. The prices of the resold materials are also determined based on the benchmark metal prices with differentiated discount rates. We typically will consider the cost-effectiveness of relevant raw materials, our production line ramp-up schedule, inventory level and potential profits, when determine whether to resell the externally sourced raw materials. With the supplies of raw materials from our upstream resources, we expect to have less proportion of resold materials depending on the market condition in the foreseeable future.

Other businesses

We may provide contract manufacturing services to some customers, mainly include cathode manufacturers, from time to time. Customers who have access to upstream raw material resources may choose to engage us for contract manufacturing services for our advanced technology, quality of products and large-scale production capacity of new energy battery materials, rather than purchasing new energy battery materials directly from us, when it more cost-effective for them. Under such arrangement, the customers will be responsible to provide relevant raw materials, and we will manufacture the relevant new energy battery materials according to the specifications required by the customers. During the Track Record Period, those customers engaged us to mainly manufacture cobalt-based materials. The service fees are charged with reference to the prevailing market price for manufacturing the relevant new energy battery materials.

We also maximize value by generating revenue from other by-products of our production processes, such as precious metals extracted from nickel laterites and chemical products. Benefiting from our strategic relationship with the Weda Bay industry park, Weda Bay industry park engaged us to process thermal coal since 2023 in view of the large energy demand in the industry park.

Product pricing

We generally determine our pricing for new energy battery materials based on the costs of metal materials as well as the costs of development and manufacturing. For example, high-nickel products are priced higher than mid-nickel products. Since metal prices constitute a significant portion of our overall product cost, our pricing strategy is closely tied to how we source and price metal materials.

For international customers, including the customers in Hong Kong, we typically refer the monthly average LME nickel price and MB cobalt price as the pricing benchmark, and for customers in China, we use the SMM and SHFE prices. The selection of the market platforms used as the pricing reference is primarily determined by the location of our customers. The price trends across these major exchanges are

BUSINESS

largely consistent, with no significant discrepancies observed among them. After determining the benchmark metal price, we will apply a certain discount rate to it to price our products. While the discount rates for different products are primarily driven by industry factors, we still actively negotiate with our customers to obtain a more favorable discount rate within the industry norm. Typically, higher discount rates are applied when determining the selling prices for customers who maintain long-term business relationships with us and have substantial volume requirements. In some cases, when customers directly supply the metal materials, our product pricing is primarily based on the costs of development and manufacturing.

The pricing of our new energy metals is referenced to benchmark prices published by the LME/MB or SMM/SHFE, depending on the markets in which we sell our products.

RESEARCH AND DEVELOPMENT

We have established an integrated R&D platform that spans the entire production process and product life cycle from mineral metallurgy to new energy materials research and mass-production process development, to manufacturing equipment design and optimization, product testing and assessment, and to recycling. For each of these aspects, we have established dedicated and specialized R&D organizations. Additionally, we take a holistic approach to coordinate our R&D initiatives across different process stages, enabling seamlessly transition from R&D results to mass-production.

During the Track Record Period, we focused on the in-depth R&D on material mechanisms to guide pCAM structure design and also on the manufacturing techniques to enhance performance of our new energy battery materials, and enrich our product portfolio. Through our consistent investment in R&D, we have achieved several technological advancements, providing the industry with advanced products and enhanced our competitiveness. See “—Research and Development—Our Achievement.”

In the future we will continue our R&D focus on material mechanisms and manufacturing techniques to further enhance the performance of our new energy battery materials and our competitiveness. In particular,

<u>Name of projects</u>	<u>Purpose of the project</u>	<u>Status</u>	<u>Estimated completion time</u>	<u>Expected impact on our future development</u>
Ultra-high-nickel ternary precursor technology development	To design a new product structure that achieves both long cycle life and high compaction performance under ultra-high capacity by advancing the understanding of structure–performance relationships in ultra-high-nickel products	Pilot testing stage	Mass production by 2026.	Consolidate and maintain the industry’s leading position in the field of ultra-high-nickel materials by meeting market demands for extreme capacity, long cycle life, and high compaction performance, thereby providing strong technical support and innovative solutions for battery upgrades and iterations. In addition, build up technological reserves to address the requirements of intelligent driving for high energy density, long cycle life, and fast-charging performance in battery materials.

BUSINESS

Name of projects	Purpose of the project	Status	Estimated completion time	Expected impact on our future development
ultra-high aluminum-doped large-particle cobalt-based materials	To further increase the aluminum doping level ($\geq 1.1\%$) while ensuring uniform aluminum distribution by optimizing the synthesis process and improving equipment parameter control precision, thereby enhancing the voltage platform and stability of LCO materials.	Trial production stage	Mass production by 2026.	Capable of meeting customers' requirements for a 4.53V+ high-voltage platform, maintain our leading edge in the high-voltage field and secure a strong position in the high-end smart consumer electronics market. Additionally, leveraging the characteristics of LCO materials, it can also be applied in AI, smart wearables, and robotics.
High-performance, high-compactness phosphorus-based pCAM	To design a phosphorus-based pCAM that is compatible with high compaction, high capacity, and low-temperature performance.	Pilot testing stage	Mass production by 2025.	Improve and upgrade process technologies to enhance overall product performance, expand the application areas of products, and complete technology reserves.
Fourth-generation high-compactness phosphorus-based CAM	Using the solid-state method to synthesize high-compactness phosphorus-based CAM by developing product formulations and doping/coating, to adjust particle roundness and particle size distribution, achieving high tap density.	Small-scale testing phase	Mass production by 2026.	Help us upgrade our products, broaden product types, and capture the high-end power lithium iron phosphate (LFP) materials market.
Development of layered oxide sodium-ion battery material precursors	This project involves a 4.2V high-voltage single-crystal precursor. By employing innovative processes, it addresses the issue of element segregation in co-precipitation of special elements, achieving low-cost and uniform co-precipitation.	Pilot testing stage	Mass production by 2027.	The first 4.2V high-voltage single-crystal precursor oxide product meets high-capacity requirements while achieving cost reduction. It provides directional guidance and technical reserves for the industrialization of sodium-ion layered oxide materials, enabling faster market penetration and enhanced product competitiveness in the future.

BUSINESS

Name of projects	Purpose of the project	Status	Estimated completion time	Expected impact on our future development
Side-blown lance optimization and development	Increase the service life of side-blown lances and improve the utilization rate of pulverized coal and sulfur during the smelting process.	In the experiment	Put into use by 2025	Improve efficiency to make the low-grade nickel matte process of laterite ore side-blown smelting more competitive in the market.

Our team and institutes

As of June 30, 2025, we had full-time employees for R&D function, with an average industry experience of over seven years. As of the same date, 11.7% of our R&D employees have overseas working experience or educational background, boosting our global R&D capabilities. Our team is organized into specialized institutes focused on different R&D areas. We also have dedicated R&D facilities and testing labs that support the commercialization of our research outcomes. As a result of our R&D efforts and achievements, we have been recognized as a National Enterprise Technology Center, a National Postdoctoral Research Station, and a Key Laboratory for National Energy Metal Resources and New Materials.

R&D institutes

Our R&D is primarily conducted through our new materials research institute, the metallurgical institute, and the engineering institute.

The new materials research institute is equipped with multiple research labs, enabling a comprehensive R&D approach for new precursor materials. We not only develop products for the current generation of battery technologies but also study the mechanical properties of materials, evaluating new energy battery materials, and exploring related areas to guide the structural design of new energy battery materials, proactively shaping the future development of these materials and driving technological advancements in the industry.

The metallurgical institute focuses on metal recovery technologies from the recycling of new energy batteries, as well as refining metal smelting systems and technologies to ensure the secure supply of raw materials.

The engineering institute is responsible for developing production equipment, customizing non-standard machinery, and optimizing production processes to enhance product quality and stability. Additionally, for all our production bases, our engineering team is responsible for master planning, designing the engineering package, which includes all engineering specifications and requirements for the bases, and overseeing construction and delivery by external EPC contractors.

R&D facilities and testing labs

We have large-scale R&D workshops that ensure the seamless conversion of our R&D outcomes into mass-produced products. From small-scale trials and pilot tests to full-scale production, our well-equipped testing facilities provide everything necessary for our research teams. We also operate multiple industry-leading labs, offering comprehensive evaluation and testing capabilities for the physical, chemical, and electrical properties of materials to support our R&D. We utilize advanced technologies for quality testing and are the first in the industry to introduce the electron microscope system to provide more detailed assessment on the product quality.

BUSINESS

Collaboration

We have partnered with leading universities to implement advanced new energy technology R&D systems. By establishing research centers dedicated to both foundational and next-generation materials technologies at these institutions, we aim to strengthen and expand our R&D capabilities.

As part of our integrated R&D strategy, we collaborate closely with global customers and research institutions across the value chain, engaging in joint research and focused development. Our goal is to build a highly specialized, market-driven R&D partnership system that can swiftly address both current and future customer needs, while strengthening our long-term relationships with them.

Our research and development

We drive breakthrough in both foundational and next-generation materials technologies, guided by our deep understanding of future trends. More importantly, we collaborate closely with our customers, integrating our R&D efforts with theirs to ensure that our R&D efforts align with their current and future battery technologies. This integrated R&D approach creates high switching costs and strong barriers to replication.

Intelligent R&D platform

Leveraging advanced modeling and simulation tools, we have developed an intelligent R&D platform that enhances efficiency and accelerates product development. By modeling out detailed material designs and simulating product quality, this platform enables efficient identification of optimal designs for subsequent testing and validation, significantly reducing development time and costs. Real-world feedback from our customers is timely fed into our R&D platform as an integral part of our product development, allowing us to continuously optimize product performance and iterate products efficiently.

Product R&D process

We have a streamlined and efficient product development process that enables us to respond swiftly to our customers' needs. Our product R&D process consists of three main stages: small-scale trials, pilot tests, and full-scale production, with close collaboration with our customers at each stage. In general, our product R&D process lasts approximately one to three years.

In the small-scale trial stage, after receiving customer requirements, we design the product materials, for example, the granularity of the materials, production process, conduct design of experiments (DOE) to test the materials, and perform structural optimization and improvements. Once the product meets the customer's required performance, we proceed to the pilot test stage. During the pilot test stage, we scale up the sample production from kilogram to ton-scale, replicating the processes and manufacturing procedures. The ton-scale samples are then sent to the customer for validation. In this stage, we run trial productions on the mass production line, finalizing the product's technical specifications and process standards. After customer validation of the pilot samples and a factory audit, the product is transitioned to our facilities for full-scale production.

The depth and breadth of our research and development efforts, coupled with our ability to scale up production and fine-tune processes, allow us to deliver highly specialized and innovative solutions. This unique approach not only strengthens our competitive edge but also reinforces our position as a leader in the development of advanced new energy battery materials.

BUSINESS

Our achievements

As a result of our R&D efforts, we have achieved several technological advancements, particularly those highlighted below:

- industry-first ultra-high nickel pCAM, which are able to achieve an energy density of 230mAh/g, a 27.8% to 12.7% increase compared to 180 mAh/g to 204 mAh/g in a ternary battery with 60% to 80% nickel content;
- our mid-nickel content, high-voltage monocrystalline pCAM, which feature energy density similar to high-nickel pCAM and are therefore highly cost-effective and suitable for mass-market EV;
- industry-first high voltage 4.55V cobalt-based pCAM, which enable faster charging capabilities for LCO batteries for consumer electronics;
- industry-first low-cost NFPP pCAM for sodium-ion batteries, a promising alternative to lithium-ion batteries, have been in mass production since 2024;
- we are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore smelting technology. We have been granted two patents and have ten patents under review related to the OESBF process;
- Moreover, our centrifugal extraction technology has transformed the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process. This technology effectively improves the production efficiency by accelerating the mixing and separating process to seconds, enhances the material purity by virtually eliminating mutual entrainment between the organic and aqueous phases with residual content less than 0.1%, optimizes resource utilization and reduces pollutants by enabling over 99% recovery of target metals; and
- our experimental titanium-doped LFP pCAM effectively enhance the kinetic performance of LFP by improving ion diffusion, electronic conductivity and structural stability. Our fourth generation of LFP, with a compacted density of around 2.6 g/cm³, is currently undergoing the verification process by our customers.

INTELLECTUAL PROPERTIES

Thanks largely to our R&D efforts, we had 14 registered trademarks, 211 patents, nine software copyrights and one domain name for our principal business as of June 30, 2025. See “Appendix VI—Statutory and General Information—Further Information about the Business—Intellectual Property.” These intellectual properties cover our production processes as well as the design of our products, with 95 patents relating to our new energy battery materials and 116 patents relating to our smelting technologies.

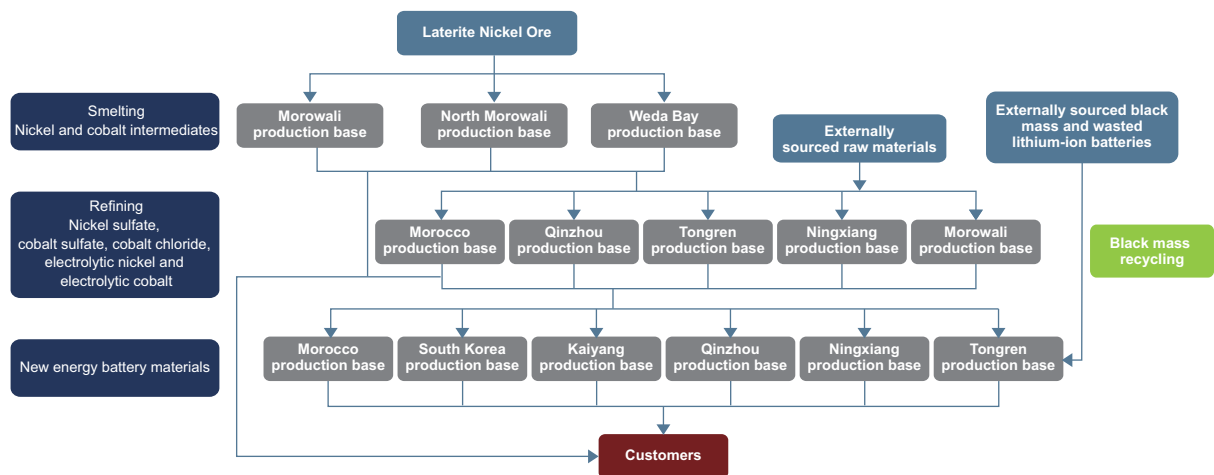
We rely on a combination of intellectual property protections laws in the jurisdictions in which we operate and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights. Our legal department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual properties and trade secrets. Despite our efforts, we may be subject to risks associated with alleged infringement of third parties’ intellectual property rights, or infringement of our intellectual property rights by third parties. See “Risk Factors—Our patents and other non-patented intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed.”

BUSINESS

During the Track Record Period, we did not experience any material infringement of our intellectual property rights. Neither our Group nor any of our intellectual properties was the subject of, or to the best of the Directors' knowledge, is expected to be subject to, any disputes or litigation in relation to the infringement of any intellectual property rights during the Track Record Period.

PRODUCTION

Our production is integrated across the new energy materials value from upstream new energy metals mining, smelting and refining to new energy materials production, and to recycling, with new energy battery materials at our core. We began as a pCAM specialist and have since expanded our product portfolio while building supply chain capabilities in upstream mineral resources, smelting and refining, and further in downstream recycling, to support and secure our production of new energy battery materials. The following diagram illustrates our integrated production process and the functions of our domestic and overseas production bases.



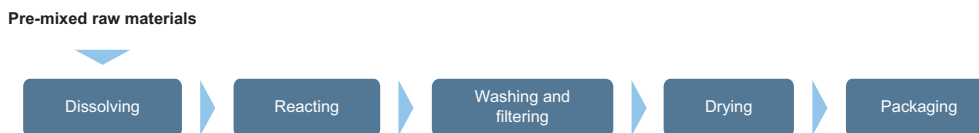
New energy battery materials production

We manufacture new energy battery materials at our production facilities in China and overseas. See “—Production—Production Bases” for more information.

Production process

The following diagram illustrates the representative production processes for pCAM and CAM.

pCAM



BUSINESS

The process includes the following key steps:

- Dissolving: Convert metal-containing raw materials into a solution for further processing.
- Reacting: A highly controlled co-precipitation process where raw materials react with a base to form high-purity, uniform metal hydroxide or oxide particles.
- Washing and filtering: Remove soluble impurities through washing, followed by filtration to separate solids from the liquid phase.
- Drying: Remove remaining moisture from the pCAM.

CAM

Pre-mixed raw materials



The process includes the following key steps:

- Grinding: Reducing particle size and improve homogeneity for better reaction efficiency in later stages.
- Spray drying: Converting the fine powder mixture into spherical granules with improved flowability and packing density for sintering.
- Sintering: High-temperature treatment to crystallize and solidify the CAM structure.
- Crushing: Breaking down large sintered agglomerates and achieve the final CAM particle size.

Production planning

We typically plan and review our new energy battery materials production on a quarterly basis based on the forecasted demand of our customers, the anticipated market trends, our production capacity and inventory level. We continuously review our production plans and utilization rates, and dynamically adjust and update our production plans to achieve refined production management. We also strategically plan our production in advance to prepare for seasonal increases in customer orders.

Mineral resources

We strategically invest in or control key assets in critical locations to secure our supply chain, including nickel laterite mines in Indonesia, phosphate deposits in China, and lithium brine resources in Argentina.

As of the Latest Practicable Date, we held 51.0%, 48.8% and 46.7% equity interests in three nickel laterite mines in Indonesia, respectively, all of which were in operation. We have secured pre-emptive rights for the lateritic nickel ores produced at all three nickel laterite mines, with the majority of these ores being sold to our smelting facilities in Indonesia at market prices. In addition to the nickel ores procured/extracted from our mineral resources, we may also from time to time procure ores externally to meet our production needs depending on the market condition. See “—Smelting”. As of the Latest Practicable Date, we held 100.0% equity interest in a phosphate mine in Kaiyang, China, which was under construction. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang phosphate mine. Upon completion of the capital increase, the state-owned partnership will hold

BUSINESS

approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% equity interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025. We expect to put the Kaiyang phosphate mine into trial production by the end of 2028. See “Future Plans and Use of Proceeds.” As of the same date, we held 100.0% equity interest in a lithium brine mine, and 49.9% equity interest in another lithium brine mine with the remaining 50.1% equity interest to be transferred to us by the end of January 2026 pursuant to the agreement, in Argentina, both of which remained undeveloped as of the same date.

The table below sets forth the details of the above mineral resources held by the Company as of the Latest Practicable Date.

Nickel laterite mine 1

Location:	Indonesia
Shareholding as of the Latest Practicable Date:	51.0%
Background of the partner, if any:	The two partners are limited liability companies established under the laws of Indonesia, with their registered addresses in Jakarta, Indonesia, which are independent from us.
Salient terms of the joint venture agreement:	We have secured pre-emptive rights for the lateritic nickel ores produced at this nickel laterite mine. The number of directors, supervisors and senior management appointed by us shall be no less than two-thirds of the total number of directors, supervisors and senior management. The partners shall ensure that the board of directors of the target company shall make a valid resolution approving the authorization of the management and operation of the target company to persons designated by us. The agreement will automatically terminate upon mutual agreement between the parties.
Business relationship:	During the Track Record Period, the partners did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	Indonesia prohibits the export of nickel ore.
Commencement time for extraction:	Second half of 2025
Estimated development costs:	approximately US\$16.0 million

Nickel laterite mine 2

Location:	Indonesia
Shareholding as of the Latest Practicable Date:	48.8%
Background of the partner, if any:	The partner is a limited liability company duly established under the laws of the Republic of Indonesia, domiciled in Central Jakarta, which is independent from us.
Salient terms of the joint venture agreement:	The parties agreed that the construction of the mine facilities be funded by the shareholders on a pro rata basis. We have secured pre-emptive rights for the lateritic nickel ores produced at this nickel laterite mine. The target company shall be managed by the board of directors comprising five members. The partner has the right to nominate three directors; while we have the right to nominate two directors. The agreement could be terminated upon mutual consent of the parties.

BUSINESS

Business relationship:	During the Track Record Period, the partner did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	Indonesia prohibits the export of nickel ore.
Commencement time for extraction:	2024
Estimated development costs:	approximately US\$30.0 million

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	(thousand tons)			
Amount of nickel lateritic ores allocated to the Group ⁽ⁱ⁾	—	—	513.2	535.4
Amount of nickel lateritic ores allocated to its other customers	—	—	—	—

Note:

- (i) We enjoy the pre-emptive rights for the lateritic nickel ores produced at this mine, and procured all lateritic nickel ores produced to satisfy our production needs during the Track Record Period.

Nickel laterite mine 3

Location:	Indonesia
Shareholding as of the Latest Practicable Date:	46.7%
Background of the partner, if any:	The partner is the controlling shareholder of Hanking (Indonesia) Mining Limited, holding four IUP mining rights in Indonesia and possessing lateritic nickel ore resources exceeding 300 million tons, which is independent from us.
Salient terms of the joint venture agreement:	We have secured pre-emptive rights for the lateritic nickel ores produced at this nickel laterite mine. We are entitled to appoint directors, supervisors and senior management to the target company. The agreement could be terminated upon mutual consent of the parties.
Business relationship:	During the Track Record Period, the partner did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	Indonesia prohibits the export of nickel ore.
Commencement dates for extraction:	2013
Estimated development costs:	approximately US\$30.0 million

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	(thousand tons)			
Amount of nickel lateritic ores allocated to the Group ⁽¹⁾	—	—	87.6	345.5
Amount of nickel lateritic ores allocated to its other customers	1,078.5	1,869.2	2,130.0	1,774.5

BUSINESS

Note:

- (1) We invested in nickel laterite mine since 2024. We determine the procurement amount of nickel lateritic ores through a comprehensive evaluation of several factors, including ore grade, suitability for specific production processes, and overall economic efficiency. Specifically, the ore procured from this mine is mainly supplied to the Morowali production base, where it forms a substantial part of the raw material supply. Given Indonesia's status as an archipelago, cross-island transportation of ore involves significant logistics expenses, making it uneconomical to supply ore from this mine to other production bases. Moreover, the ore currently being extracted was from the surface layer in this nickel laterite mine, most of which is more suitable for other production processes than those adopted in Morowali production base.
-

Lithium brine 1

Location:	Argentina
Shareholding as of the Latest Practicable Date:	100.0%
Export control:	N/A
Commencement dates for extraction:	It is planned to conduct supplementary exploration and project development justification in 2025, reach detailed design and commence construction in early 2029 and launch the first production line in 2030.
Development costs:	As the project remains in the exploration phase and the final development strategy has not yet been determined, definitive development costs remain uncertain at this stage.

Lithium brine 2

Location:	Argentina
Shareholding as of the Latest Practicable Date:	As of the Latest Practicable Date, we held 49.9% of the total equity interest, with the remaining 50.1% equity interest to be transferred to us by the end of January 2026 pursuant to the agreement.
Business relationship:	During the Track Record Period, the partner did not procure any new energy battery materials or new energy metal products from the Group.
Export control:	N/A
Commencement dates for extraction:	It is planned to conduct supplementary exploration and project development justification in 2025, reach detailed design and commence construction in early 2029 and launch the first production line in 2030.
Estimated development costs:	As the project remains in the exploration phase and the final development strategy has not yet been determined, definitive development costs remain uncertain at this stage.

Phosphate mines

Location:	Kaiyang, PRC
Shareholding as of the Latest Practicable Date:	As of the Latest Practicable date, we held 100.0% equity interest as shown in the industrial and commercial registration. In June 2025, we entered into a capital increase agreement with a state-owned limited partnership, pursuant to which the state-owned partnership agreed to subscribe for a portion of the increased capital of the Kaiyang phosphate mine. Upon completion of the capital increase, the state-owned partnership will hold approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025.

BUSINESS

Reserves:	Estimated total volume of 98.4 million tons
Export control:	N/A
Commencement dates for extraction:	Currently under construction, with trial production scheduled for 2028.
Estimated development costs:	Approximately RMB2.4 billion

Smelting

Our smelting facilities are located in our three production bases in Indonesia, close to our nickel laterite resources, and one production base in China. We employ pyrometallurgical techniques, including the OESBF and RKEF processes, to produce nickel intermediates, including NPI, low-grade and high-grade nickel matte, from lateritic nickel ores sourced locally. See “—Our Products—New Energy Metal Products” and “—Production—Production Bases” for more information. We also extract cobalt, copper and precious metals as by-products through the smelting process.

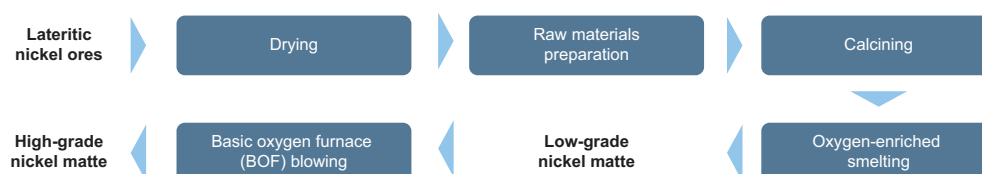
OESBF and RKEF processes

OESBF process

OESBF is a specialized furnace that enhances the smelting and refining process by injecting oxygen-enriched air into the furnace, significantly improving efficiency and productivity in the production of NPI and nickel matte. We apply centrifugal extraction technology to extract nickel and by-product metals. These advanced techniques enable the extraction and enrichment of low-grade base and precious metals present in lateritic nickel ores, recovering them as valuable by-products, which further enhances resource efficiency by maximizing metal recovery and optimizing ore utilization.

We are the first in the world to employ OESBF process to smelt lateritic nickel ores, representing a remarkable breakthrough in the global nickel ore smelting technology. We have been granted two patents and have ten patents under review related to the OESBF process. The OESBF process significantly enhances production economics by reducing coal consumption and, lowering carbon emissions by approximately 10% as compared to RKEF, while also enabling the extraction of cobalt and precious metals as by-products. The residual heat from BOF blowing can be utilized to generate electricity to maximize coal utilization, which reduces coal consumption by one ton standard coal per metal tone of nickel products. Furthermore, the OESBF process is environmentally friendly, as it does not generate large amounts of hazardous waste. Specifically, compared to the slag generated from hydrometallurgical processes, the slag produced by the OESBF, a type of pyrometallurgical process, demonstrates significantly more stable physical and chemical properties. This enhanced stability enables the slag to be directly utilized as a construction material, notably mitigating the risk of potential environmental hazards.

The following diagram illustrates our OESBF process.



The process includes the following key steps:

- **Drying:** Lateritic nickel ores go through a drying process to remove moisture, producing dried ores that are suitable for further processing.

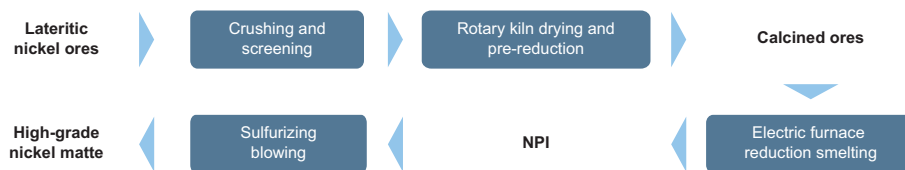
BUSINESS

- Raw materials preparation: The dried ores, along with blast furnace dust, smelting dust, and rotary kiln dust, are collected as raw materials and directed toward the next stage.
- Calcining: Calcining the prepared lateritic ores at high temperature to remove crystalline water, and preheating.
- Oxygen-enriched smelting: The preheated materials enter an oxygen-enriched smelting furnace with flux and sulfurizing agents added. Flux facilitates impurity removal and forms a water-quenching slag, which is discarded as waste. Sulfurizing agents promote the formation of low-grade nickel matte by enhancing nickel concentration in the matte phase.
- Basic oxygen furnace (BOF) blowing: The low-grade nickel matte is further refined in a BOF through an oxygen-blowing process, which removes impurities and increases the nickel content. The process also produces blowing slag, which can be recycled back into the oxygen-enriched smelting furnace for reprocessing.

RKEF process

RKEF is widely used in smelting lateritic nickel ores to mainly produce NPI. It combines a rotary kiln for drying and partially reduction using coal or other reductants, and an electric furnace for further reduction and produce NPI and low-grade nickel matte. The RKEF process is favored for its high-efficiency, scalability and cost-effective, and is a common process for nickel smelting in the industry.

The following diagram illustrates our RKEF process.



The process includes the following key steps:

- Crushing and screening: Lateritic nickel ores are first subjected to crushing and screening to reduce the ore size for further processing.
- Rotary kiln drying and pre-reduction: The crushed ores are fed into a rotary kiln, where they undergoes drying and pre-reduction. This stage removes moisture and partially reduces the ores, converting some of the nickel oxides into a more easily reducible form. The roasted ores are then sent to the next stage for further smelting.
- Electric furnace reduction smelting: The roasted ores are introduced into an electric furnace, where reducing agents are added to facilitate the reduction of nickel and iron oxides. Under high temperatures, nickel and iron separate from impurities, forming crude nickel iron as the primary product. The impurities combine with flux materials to form slag, which is removed from the process.
- Sulfurizing blowing: At this stage, sulfur and oxygen are introduced to remove impurities from NPI and produce the final products of high-grade nickel matte.

Refining

Our refining facilities are located in both our China production bases and Indonesia production bases. See “—Production—Production Bases” for more information. Our refining facilities process nickel and

BUSINESS

cobalt intermediates, into high-quality raw materials for our new energy battery materials production. Additionally, our refining facilities can also process the nickel and cobalt intermediates produced at our smelting facilities into high-purity metal, such as electrolytic nickel, cobalt and copper.

We deployed the industry-leading centrifugal extraction technology, which transforms the nickel and cobalt hydrometallurgy from the traditional inefficient and high-pollution model to an efficient, intelligent, and environmentally friendly modern process, effectively improving the production efficiency, enhancing the material purity, optimizing resource utilization and reducing pollutants. In particular, by replacing the gravity-based separation with centrifugal force, the mixing and separating process is accelerated to seconds, compared to the tens of minutes required in the conventional methods, which enables continuous, and high-throughput production, significantly shortening the metal recovery cycle and addressing the demand of large-scale industrial applications. Through multi-stage extraction, our centrifugal extraction technology enables over 99% recovery of target metals, even in low-concentration leach solutions, reducing residual and hazardous wastes and the associated disposal costs and promoting sustainable resource circulation. We have adopted our centrifugal extraction technology in our Qinzhou production base and Tongren production base.

Production process of nickel products

The following diagram illustrates our typical refining production process from high-grade nickel matte to nickel sulfate, and further to electrolytic nickel.



The process includes the following key steps:

- Leaching: Dissolving nickel from the high-grade nickel matte into a liquid solution for further purification.
- Solvent purification: Separating and purifying nickel from cobalt and other impurities.
- Electro-nickel process: Depositing pure metallic nickel by passing electric currents through a nickel sulfate solution.

Black mass recycling

As part of our integrated operations, we have built facilities in our domestic production bases to recover valuable metals from mixed metal concentrate, known as “black mass,” a composite material rich in nickel, cobalt, lithium and other metals, recycled from spent lithium-ion batteries. Black mass recycling not only serves as a cost-effective source of these essential materials for our new energy battery materials production, but also reduces waste and minimizes the environmental impact associated with traditional mining and smelting, paving the way for our commitment to a greener, more sustainable future. We are among the few in China accredited by MIIT for both sorting spent power batteries, and dismantling spent power batteries and refining black mass. We typically source spent lithium-ion batteries and black mass from EV manufacturers and other new energy materials suppliers. During the Track Record Period, the recycled materials from black mass were used as raw materials to produce our new energy battery materials. In 2022, 2023 and 2024 and the six months ended June 30, 2025, we processed 1,686.3 tons, 2,789.0 tons, 7,622.3 tons and 8,487.2 tons black mass at our facilities, respectively.

BUSINESS

Production process

The process for black mass recycling involves collecting and sorting batteries, followed by dismantling to remove non-metallic components. The batteries are then crushed and shredded, separating the black mass that contains valuable materials like lithium, nickel and cobalt, manganese, and graphite. Through chemical leaching, the metals are dissolved and then selectively extracted or precipitated. The extracted metals are purified and refined for reuse in new batteries, while graphite is also recovered and purified.

The following diagram illustrates our production process of recycling facility.



The process includes the following key steps:

- **Dismantling:** Removing the battery components and separate materials for further processing.
- **Dissolving:** Extracting valuable metals from the dismantled battery material by dissolving them into a solution.
- **Extracting:** Separating and purifying the dissolved metals to recover them in usable forms for the manufacturing of new batteries or other products.

Production bases

The following table sets forth a summary of our production bases and facilities across the globe.

Locations	Production bases	Production facilities	Primary raw materials	Primary products	Status	Beneficial Ownership
China		New energy battery materials production	Nickel sulfate, cobalt sulfate, manganese sulfate, sodium pyrophosphate and ferrous sulfate	Nickel-based materials and sodium-based materials	in operation since 2018	100.0%
	Tongren production base	Refining	Nickel intermediates and crude cobalt hydroxide	Nickel sulfate, cobalt sulfate and lithium carbonate	in operation since 2017	82.9%
		Black mass recycling	Black mass	Nickel, cobalt, lithium and other materials	in operation since 2021	

BUSINESS

Locations	Production bases	Production facilities	Primary raw materials	Primary products	Status	Beneficial Ownership
	Ningxiang production base	Refining	Nickel intermediate and crude cobalt hydroxide	Nickel sulfate, cobalt sulfate and cobalt chloride	in operation since 2020	75.8%
		New energy battery materials production	Nickel sulfate, cobalt sulfate, manganese sulfate and cobalt chloride	Nickel-based materials and cobalt-based materials	in operation since 2018	
	Qinzhou production base	Smelting	Low-grade nickel matte	High-grade nickel matte	in operation since 2023	76.9%
		Refining	Nickel intermediates and crude cobalt hydroxide	Nickel sulfate, cobalt sulfate, electrolytic nickel, cobalt and copper	in operation since 2021	
		New energy battery materials production	Nickel sulfate, cobalt sulfate, manganese sulfate and cobalt chloride	Nickel-based materials and cobalt-based materials	in operation since 2021	
	Kaiyang production base	New energy battery materials production	Ferrous sulfate and phosphoric acid	Phosphorus-based materials	in operation since 2023	52.0%
Indonesia	Morowali production base	Smelting	Nickel lateritic ores	Nickel intermediates	in operation since 2023	70.0%
		Refining	Nickel-intermediate	Electrolytic nickel	in operation since 2023	50.00% ⁽¹⁾
	North Morowali production base	Smelting	Nickel lateritic ores	Nickel intermediates	in operation since 2024	60.0%
	Weda Bay production base	Smelting	Nickel lateritic ores	Nickel intermediates	in operation since 2023	50.1%
	South Kalimantan Selatan production base	New energy battery materials production	Nickel sulfate, cobalt sulfate and manganese sulfate	Nickel-based materials	under planning	51.0%

BUSINESS

Locations	Production bases	Production facilities	Primary raw materials	Primary products	Status	Beneficial Ownership
South Korea						
	South Korea production base	New energy battery materials production	Nickel sulfate, cobalt sulfate and manganese sulfate	Nickel-based materials	under planning	80.0%
Morocco						
	Morocco production base	New energy battery materials production	Nickel sulfate, cobalt sulfate and manganese sulfate	Nickel-based materials	in operation since 2025	50.03% ⁽²⁾

Note:

- (1) We enjoyed a substantial interest of 50.0% shareholding in the refining facility without controlling right.
- (2) The Group does not consolidate the joint venture operating the Morocco production base into its results of operations as (i) certain board reserved matters that are considered material to such joint venture's operations require positive votes from at least one director nominated by the Group's business partner and (ii) certain shareholder reserved matters that are considered material to such joint venture's operations, in addition to positive votes from a simple-majority of the shareholders, require a positive vote from the Group's business partner. See "History, Reorganisation and Corporate Structure — Major Joint Venture."

China

Tongren production base

Our Tongren production base is located in Tongren, Guizhou, PRC, which is a comprehensive production base integrating the refining, new energy battery materials production and black mass recycling facilities. Our Tongren production base is capable of producing (i) raw materials for new energy battery materials, such as nickel sulfate, cobalt sulfate, lithium carbonate and lithium hydroxide, and (ii) new energy battery materials, such as nickel-based materials and sodium-based materials.

Tongren has rich nickel resources and has developed a well-established nickel industry. Tongren production base was first established with production lines for nickel-based pCAM in 2015, and then expanded to cover the raw material refining in 2016, and black mass recycling in December 2020. Tongren production base is our first production base listed in the Enterprise List that Meet the Industry Standards for the Comprehensive Utilization of Waster Power Batteries from New Energy Vehicles (新能源汽车廢舊動力蓄電池綜合利用行業規範) issued by the Ministry of Industry and Information Technology of the PRC in December 2020, which allowed our Tongren production base to recycle the black mass. The major product produced in Tongren production base from its black mass recycling process is lithium carbonate and lithium hydroxide, with spent lithium batteries recycled from domestic and overseas markets.

Ningxiang production base

Our Ningxiang production base is located in Ningxiang, Hunan, PRC, which integrates refining facilities and new energy battery materials production facilities, and is capable of producing (i) raw materials for new energy battery materials, such as nickel sulfate and cobalt sulfate, and (ii) new energy battery materials, such as nickel-based materials and cobalt-based materials. It also serves as our centralized R&D center to innovate and expand our cobalt-based materials product portfolio. We established our

BUSINESS

Ningxiang production base in 2016 with an initial focus on the production and R&D of cobalt-based materials.

Qinzhou production base

Our Qinzhou production base is located in Qinzhou, Guangxi, PRC, which is a comprehensive production base integrating smelting facilities, refining facilities, new energy battery materials production facilities, and is capable of producing (i) nickel and cobalt intermediates, such as high-grade nickel matte, (ii) raw materials for new energy battery materials, such as nickel sulfate and cobalt sulfate, (iii) refined nickel and cobalt products, such as electrolytic nickel and electrolytic cobalt, and (iv) new energy battery materials, such as nickel-based materials and cobalt-based materials. Qinzhou is a key coastal port city with significant geographic advantages. Leveraging on the transportation resources in Qinzhou, we have built our Qinzhou production base as a flagship production base, serving a strategic role in our international expansion. As such, we plan to further expand our Qinzhou production base to cover black mass recycling as well and build it as our second comprehensive production base, which can leverage on the geographic advantages to import overseas raw materials, including spent lithium batteries, with relatively lower transportation costs. The refineries in our Qinzhou production base mainly produce nickel sulfate and cobalt oxide, with raw materials supplied by our Indonesia production bases and external suppliers.

Kaiyang production base

Our Kaiyang production base is located in Kaiyang, Guizhou, PRC, one of China's most resource-rich regions for phosphate mining, known for its high-grade phosphate rock deposits. This makes it a strategic hub for the country's phosphorus chemical industry. To leverage the advantages of the local phosphorus ecosystem, we established our Kaiyang facility in 2021 as our primary production base for phosphorus-based materials. As part of our integration strategy in phosphorus-based materials, we also hold 100% equity interest in a phosphate mine in Kaiyang and have secured the corresponding mining rights. As of the Latest Practicable Date, the phosphate mine was under construction. See “—Production—Mineral Resources.”

Indonesia

Morowali production base

Our Morowali production base is in Indonesia Morowali Industry Park, which is located in Central Sulawesi, Indonesia. Morowali is known for rich nickel mineral resources and smelting industry, and is equipped with well-developed transport infrastructure, including access to ports and rail networks, which can facilitate the transportation of our nickel products. Our Morowali production base is integrated with smelting and refining facilities, which is capable of producing (i) nickel and cobalt intermediates, such as high-grade nickel matte, low-grade nickel matte, NPI and cobalt-bearing nickel matte through OESBF process, and (ii) refined nickel products, such as electrolytic nickel. As of the Latest Practicable Date, we controlled the smelting facility with 70.0% shareholding, while we enjoyed a substantial interest of 50.0% shareholding in the refining facility without controlling right.

Our refining facility of Morowali production is operated by PT. CNGR Ding Xing New Energy, which is a joint venture company established by CNGR Hong Kong Material Science & Technology Co., Limited (“**CNGR (Hong Kong)**”) and Rigqueza International Pte. Ltd. (“**Rigqueza**”) in 2022. CNGR (Hong Kong) is a wholly-owned subsidiary of us, established in 2019, with issued share capital of HK\$3,700.0 million as of the Latest Practicable Date. CNGR (Hong Kong) is mainly engaged in trading and investment holding. Rigqueza is an independent third-party company incorporated in Singapore in 2021. Rigqueza and its related companies are experienced in construction and operation of refining project in Indonesia. In addition to the PT. CNGR Ding Xing New Energy, we also collaborated with Rigqueza in certain projects on normal commercial terms, which included the smelting facility of our Morowali production base. Rigqueza held

BUSINESS

30.0% equity interest of the smelting facility of our Morowali production base as of the Latest Practicable Date. Save as disclosed in the Prospectus, to the best knowledge of us, we did not have any past or present relationships with Rigqueza, its shareholders, directors or senior management, or any of their respective associates.

We entered into the joint venture agreement with Rigqueza in 2022. The salient terms of the joint venture agreement are set forth as below.

<i>Duration</i>	The duration of joint venture is effective for 50 years since the date of the establishment, which can be renewed upon mutual agreements between the parties.
<i>Total investment</i>	The total investment of the joint venture is USD182.8 million, including construction investment and working capital.
<i>Business scope of the joint venture</i>	Production and sales of refined nickel products, sales of by-products during the production process, and trading.
<i>Major customers and suppliers</i>	The major customer of the joint ventures is CNGR (Hong Kong) and Rigqueza according to the ongoing purchase and commitments below. The major supplier of the joint venture is third parties suppliers, while it may also procure raw materials from us that mainly include nickel intermediates from time to time.
<i>Ongoing purchase and commitments</i>	Both parties agreed to be obligated to purchase products produced by the joint venture based on their respective shareholding proportions in the joint venture and at market prices under equal conditions. At the same time, the joint venture is obligated to give priority to selling its products to the parties of the agreement in accordance with their respective shareholding proportions in the joint venture and under equal conditions. The joint venture shall separately enter into product sales agreements with the parties to the agreement and their affiliates. The terms and conditions (including but not limited to pricing) for products sold by the joint venture to the shareholders shall be consistent. If CNGR (Hong Kong) resells the products it exclusively purchases (excluding sales to its affiliates), Rigqueza and its affiliated companies shall have a right of first refusal to purchase those products from CNGR (Hong Kong) under the same price and payment conditions.
<i>Profit Sharing</i>	The distributable profits shall be allocated to shareholders in proportion to their respective shareholding in the joint venture.

North Morowali production base

Our North Morowali production base is also located in Morowali, Central Sulawesi, Indonesia. It is integrated with smelting, which is capable of producing nickel and cobalt intermediates, such as high-grade nickel matte, low-grade nickel matte, NPI and cobalt-bearing nickel matte through RKEF process. North Morowali Production Base is equipped with flexible production lines, allowing us to adjust the product mix of NPI, low- grade nickel matte, and high-grade nickel matte based on cost-effectiveness and economic

BUSINESS

benefits. The majority of the products produced at this base are used in the manufacturing of our nickel-based materials, with a portion of the high-grade nickel matte and NPI sold to external customers.

Weda Bay production base

Our Weda Bay production base is in Indonesia Weda Bay Industry Park, located in Halmahera Island, North Maluku Province, Indonesia. Weda Bay is known for its mineral-rich deposits, particularly nickel, and has become a significant site for nickel mining and smelting operations in recent years. Our Weda Bay production base has smelting facilities that adopt RKEF process to produce nickel and cobalt intermediates, such as high- grade nickel matte, low-grade nickel matte, NPI and cobalt-bearing nickel matte. The majority of the products produced at this base are used in the manufacturing of our nickel-based materials, with a portion of the high-grade nickel matte and NPI sold to external customers.

South Kalimantan Selatan production base

Our South Kalimantan Selatan production base is located in South Kalimantan Selatan, Indonesia. Kalimantan Selatan has emerged as an important location for nickel smelting due to its strategic position, abundant natural resources and ongoing industrial development. Our South Kalimantan Selatan production base is under planning with initially planned annual production capacity of 20,000 tons of new nickel-based materials for ternary batteries.

Morocco

Our Morocco production base is located in Zone d'Acceleration Industrielle, Jorf Lasfar, Commune Moulay Abdellah, El Jadida, Morocco, which is planned to integrate both new energy battery materials production capabilities, capable of producing nickel-based materials and phosphorus-based materials, and black mass recycling capabilities. Morocco, a strategic geographic location in Western Hemisphere, offers abundant phosphate and clean energy resources, a stable political and economic environment and friendly foreign trade policies. In January 2025, the production lines for nickel-based materials with a designed production capacity of 40,000 tons was put into operation. The production lines for phosphorus-based materials and the black mass recycling facilities remained in planning stage as of the Latest Practicable Date. We enjoyed a substantial interest with 50.03% shareholding in the Morocco production base without controlling right.

South Korea

Our South Korea production base is located in Pohang, South Korea, which is planned for production of nickel-based materials, to better serve the key local customers and international customers. Our South Korea production base remains at the planning stage. As of the June 30, 2025, we had invested approximately RMB193 million in a phase I project, primarily for land acquisition and the commissioning of design plans.

BUSINESS

Production capacity

The table below sets forth a summary of our production capacity for our main products by each of our production base and utilization rate.

	Output (ton)				Designed production capacity ⁽¹⁾ (ton)					Approved production capacity ⁽²⁾ (ton)	Utilization rate (%)			
	2022	2023	2024	Six months ended June 30, 2025	2022	2023	2024	Six months ended June 30, 2025	2022		2023	2024	Six months ended June 30, 2025	
Tongren production base														
Nickel-based materials	119,491	100,750	83,642	39,944	122,000	117,000	117,000	56,000	117,000	97.9%	86.1%	71.5%	71.3%	
Ningxiang production base														
Nickel-based materials	63,065	56,581	44,283	10,716	62,000	62,000	56,375	19,750	67,000	101.7%	91.3%	78.6%	54.3%	
Cobalt-based materials	17,382	18,572	26,922	15,985	24,400	24,400	26,275	18,950	30,000	71.2%	76.1%	102.5%	84.4%	
Qinzhou production base														
Nickel products ⁽³⁾	–	6,899	32,133	15,068	–	7,292	25,000	12,500	25,000	–	94.6%	128.5%	120.5%	
Nickel-based materials	33,428	65,461	64,623	41,088	34,750	101,250	145,500	75,000	180,000	96.2%	64.7%	44.4%	54.8%	
Kaiyang production base														
Phosphorus-based materials	–	42,828	71,549	71,775	–	58,333	200,000	100,000	380,000	–	73.4%	35.8%	71.8%	
Morowali production base														
Nickel products ⁽³⁾	–	–	13,730	9,505	–	–	13,333	10,833	80,000	–	–	103.0%	87.7%	
North Morowali production base														
Nickel products ⁽³⁾	–	–	35,349	50,943	–	–	39,167	40,000	58,206	–	–	90.3%	127.4%	
Weda Bay production base														
Nickel products ⁽³⁾	–	30,946	48,607	25,134	–	27,500	55,000	27,500	62,000	–	112.5%	88.4%	91.4%	

Notes:

- (1) Annual designed capacity is generally calculated assuming the production lines function at full capacity as planned in terms of working days, hours per day and pace of production. The annual designed production capacity of a new production line is only accounted for from the point at which the line has passed our commissioning tests following operational optimization.
- (2) The approved production capacity as of the Latest Practicable Date. The annual approved production capacity for our nickel-based materials at the Tongren production base changed from 122,000 tons to 117,000 tons in 2024, due to adjustment to the relevant production line. Apart from this adjustment, the approved production capacity for our main products at the production bases listed above remained unchanged during the Track Record Period and up to the Latest Practicable Date.
- (3) The metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte and high grade nickel matte, as well as electrolytic nickel.

The table below sets forth a summary of our production capacity for our main categories of products and utilization rate.

Products	Output (ton)				Designed production capacity (ton) ⁽¹⁾				Utilization rate (%)			
				Six months ended June 30, 2025				Six months ended June 30, 2025				Six months ended June 30, 2025
	2022	2023	2024		2022	2023	2024		2022	2023	2024	
Nickel products ⁽²⁾	–	37,845	129,819	100,651	–	34,792	132,500	90,833	–	108.8%	98.0%	110.8%
Nickel-based materials	215,984	222,792	192,548	91,748	218,750	280,250	318,875	150,750	98.7%	79.5%	60.4%	60.9%
Cobalt-based materials	17,382	18,572	26,922	15,985	24,400	24,400	26,275	18,950	71.2%	76.1%	102.5%	84.4%
Phosphorus-based materials . . .	–	42,828	71,549	71,775	–	58,333	200,000	100,000	–	73.4%	35.8%	71.8%

Notes:

- (1) Annual designed capacity is generally calculated assuming the production lines function at full capacity as planned in terms of working days, hours per day and pace of production. The annual designed production capacity of a new production line is only accounted for from the point at which the line has passed our commissioning tests following operational optimization.
- (2) The metal ton of nickel, representing the actual amount of pure nickel metal contained in our nickel products, mainly including nickel intermediates, such as NPI, low-grade nickel matte and high grade nickel matte, as well as electrolytic nickel.

BUSINESS

The fluctuation in the utilization rate of our production capacity during the Track Record Period was mainly driven by changes in sales volume driven by market demand as well as the timing of our capacity expansion. For example, the decrease in the utilization rate for phosphorus-based materials in 2024 was primarily due to the fact that we did not complete construction of all of our planned production lines until 2024, while our sales volume grew at a slower rate due to market dynamics, which was in line with industry trend.

Our production facility is subject to approved production capacity. During the Track Record Period, we did not engage in over-capacity production that exceeded 30% over the approved production capacity that would be deemed to be in violation of laws or regulations or subject to administrative penalties. In accordance with the Environmental Impact Assessment Law (《環境影響評價法》) and the Notice on Issuing the “List of Major Changes in Pollution-Affecting Construction Projects (Trial)” issued by the General Office of the Ministry of Ecology and Environment (《生態環境部辦公廳關於印發〈污染影響類建設項目重大變動清單(試行)〉的通知》), an excess capacity ratio of no more than 30% does not constitute a major change. Therefore, as advised by the PRC Legal Adviser, such instances did not require to undertake renewed environmental impact assessment procedures.

We intend to continue to invest in upgrading our existing production lines across our production bases to enhance production efficiency and increase production yield, as well as retrofitting them to support the manufacturing of alternative products.

Expansion plan

We plan to further expand and optimize our production capacity globally by establishing new production bases or setting up the production lines at strategic locations that are close to our key customers or mineral resources. With stable growth in existing end markets such as EV, ESS, and consumer electronics, and strong potential in emerging sectors like robotics and low-altitude aerial vehicles, our expanded production capacity, combined with robust R&D capabilities and a top-tier high-quality customer base, positions us to capitalize on market opportunities and further strengthen our competitiveness. See “Industry Overview—New Energy Market Demand.”

More specifically, we are executing the following major expansion plans with a total investment amount of approximately RMB10.0 billion, of which approximately RMB4.8 billion had been invested as of June 30, 2025. Set forth below are the details of our major expansion plans in progress:

- We plan to construct the phase I project of our production base in South Korea. Our total investment for phase 1 of our production base in South Korea is expected to be approximately RMB1.9 billion, of which approximately RMB193 million had been invested as of June 30, 2025. See “Future Plans and Use of Proceeds.”
- We plan to construct production lines in Indonesia for (i) high-grade nickel matte, with a designed capacity of 40,000 metal tons, which is expected to be completed by the end of 2025; (ii) electrolytic nickel, with a designed capacity of 10,000 metal tons, which is expected to be completed by the end of 2025; and (iii) nickel-based materials for ternary batteries, with a designed capacity of 20,000 metal tons, which is expected to be completed by the end of 2026. Our total investment for these production lines is expected to be approximately RMB5.7 billion, of which approximately RMB4.5 billion had been invested as of June 30, 2025.
- We also plan to construct and exploit the phosphate mine in Kaiyang, Guizhou, PRC (the “**Kaiyang Phosphate Mine**”). As an important supporting project for our expansion in phosphorus-based materials, we held 100% equity interest in the Kaiyang Phosphate Mine as of the Latest Practicable Date, and obtained the mining license in December 2024. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang

BUSINESS

Phosphate Mine. Upon completion of the capital increase, the state-owned partnership will hold approximately 20.6% equity interest in the Kaiyang phosphate mine, and we will hold the remaining 79.4% equity interest. The change of industrial and commercial registration in connection with this capital increase is expected to be completed by December 31, 2025. The permitted production scale of the Kaiyang Phosphate Mine is 2.8 million ton per year. The total investment in the Kaiyang Phosphate Mine is expected to be RMB2.4 billion. As of June 30, 2025, we had invested RMB75 million in the Kaiyang Phosphate Mine. See “Future Plans and Use of Proceeds.”

Automation and digitalization

We are committed to enhancing our manufacturing capabilities through automation and digitalization. In 2020, we transformed all our production bases in China into intelligent manufacturing facilities, incorporating MES systems, SAP/ERP systems, and AGV technologies. This transformation has significantly improved our manufacturing efficiency in several key areas:

- **Enhanced quality control**—Automated error-proofing in material feeding and real-time inspection, powered by the MES system, have achieved a 0% error rate for material feeding.
- **Improved production efficiency**—Our integrated information management system enables real-time data transmission, effectively reducing average inspection time. Additionally, the intelligent feeding system has increased our production efficiency.
- **Automation technologies**—The adoption of AGV automated logistics technologies has effectively reduced labor force compared to pre-implementation levels, enhancing overall productivity and cost efficiency.

We have built a comprehensive digital platform that enables end-to-end operational management, integrating advanced technologies across design, processes, and equipment to streamline development lead times and enhance decision-making. By digitizing the entire manufacturing process—from R&D to mass production—we can optimize production efficiency with real-time adjustments. Enabled by robotics, IoT and AI, this system ensures operational safety and exceptional cost efficiency across all business functions.

In addition, automation and digitalization allow us to better monitor and manage carbon emissions, providing valuable data to support the development of effective carbon reduction strategies. These efforts contribute to greater sustainability throughout our operations, supporting both environmental protection and operational excellence. As a result of our achievements, we have been recognized as a national-level green factory by the Ministry of Industry and Information Technology.

Quality control

Our quality control department

We pay extreme attention to quality control, enabling us to maintain exceptional precision and consistency in our products at mass production levels—a critical factor in manufacturing of new energy battery materials. We attained a high product yield rate of over 95% in 2024, calculated through dividing the volume of qualified products by the total production volume, reflecting our rigorous standards and operational excellence. We have established a quality management system that complies with relevant national and international standards, covering the raw material supply chain and product manufacturing. We implement various assessment criteria on raw material suppliers regarding their supplies quality, timeliness of delivery, responsiveness to our service requests and ESG matters. We strictly implement product quality control standards and take corresponding control measures throughout our entire production process, in order to ensure that all of our products meet the relevant national and international safety standards.

BUSINESS

As of June 30, 2025, we had 984 employees responsible for quality management, which was led by our quality management center. The quality management center is responsible for setting targets of quality control, establishing the quality control systems and inspection guidelines for our production, conducting regular inspections and providing trainings on quality and inspection techniques. To ensure the effectiveness of our quality control system, the quality control team regularly conducts performance reviews and data analysis on our production facilities and equipment.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality issues, product returns or claims from customers.

Our quality accreditations

We have obtained various certification including:

Morowali production base, North Morowali production base and Weda Bay production base:

- GB/T 19001-2016
- ISO 9001:2015

Tongren production base, Ningxiang production base, Qinzhou production base and Kaiyang production base:

- IAFT 16949:2016
- ISO 9001:2015

Our quality assurance program

We are committed to providing customers with high-quality and reliable products, while striving to continuously improving customer satisfaction, enhancing the core competitiveness of the Company, creating and sharing quality value with high-quality products and services so as to earn the respect from our employees, customers, suppliers and other stakeholders. To achieve this goal, we have established a full-process quality assurance program.

Quality control on product development

Our quality control begins at the initial stage of product development with our research and development team working closely with our customers to test and evaluate the quality of new sample products in accordance with relevant quality standards and customer specifications. We utilize the APQP (Advanced Product Quality Planning) structured approach to systematically manage the product development process. Through design reviews, validation, and proactive risk management, we identify and address potential issues early, ensuring that the entire process—from concept to mass production—is effectively planned and controlled to meet customer requirements.

Quality control on procurement

We only procure raw materials from qualified suppliers who have passed the product quality and reliability assessments and meet the requirements of us and our customers. We keep evaluating our suppliers regularly with a range of factors including ability to meet our requirements for raw material quality, production capacity, delivery timelines, financial position, and credit term. We conduct sample tests on raw materials upon delivery, and our quality control system has been designed to identify and address defective or sub-quality raw materials as early before the production process as possible.

BUSINESS

Quality control on production

We strictly follow our customers' quality specifications and relevant industry standards in our production process. Our quality control team conducts daily quality checks of semi-finished products at key control points during our production process in accordance with our internal quality control system to ensure quality standards and compliance requirements of us and our customers are met at each stage of our production process.

Quality control on finished product and logistics

Prior to delivery, our quality control team is responsible for conducting sample checks for every batch of finished products. We also conduct packaging inspection of finished products to ensure our packaging is sufficient to safeguard the quality of our finished products during transportation. We regularly inspect our warehouse and have safety measures in place to minimize risks of fire hazards, water damage and other similar risks to our finished products.

OUR SUPPLY CHAIN

We continue to strengthen our supply chain capabilities as part of our integrated operations, securing upstream assets for key mineral resources, being committed to sourcing only responsibly produced materials, and carefully managing our inventory to mitigate risks and ensure a stable, sustainable supply.

Raw materials

The key raw materials for our products include minerals, such as nickel ores, nickel and cobalt intermediates and auxiliary materials such as sulfuric acid and sodium hydroxide.

Benefited from our integrated operations across the upstream mineral resources and smelting, midstream refining and black mass recycling, we managed to produce the key raw materials and supply to our new energy materials production, including nickel sulfate, cobalt sulfate, cobalt oxide, lithium carbonate and lithium hydroxide. As of June 30, 2025, we achieved a nickel primary smelting capacity of 165,000 metal tons, sufficient to meet all the nickel-based raw material needs for our new energy battery materials and new energy metal products production for the six months ended June 30, 2025. Given our continuous efforts to expand our production capacity in the upstream and midstream resources, we expect the continuous increase in the self-supply rate of our key raw materials for new energy materials in the foreseeable future.

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, cost of raw materials amounted to RMB25,286.4 million, RMB26,791.1 million, RMB29,647.4 million, RMB14,936.6 million and RMB14,542.9 million, respectively, according for 93.8%, 90.2%, 83.8%, 85.3% and 77.4% of our cost of sales for the respective periods. Externally, we source raw materials from reputable domestic and international suppliers which were admitted into our qualified supplier catalog. We also produce raw materials internally.

Energy

Electricity is required to in all of our business lines. As our production capacities increase and our business grows, our consumption of electricity is expected to grow accordingly. We purchase electricity primarily from local power suppliers. Additionally, coal is mainly used as fuel in our smelting and refining processes. As our smelting and refining production capacity continues to increase, we expect our consumption of coal will increase accordingly.

BUSINESS

Suppliers

Our suppliers are primarily raw materials, equipment and engineering service providers. We carefully select our suppliers and require them to satisfy various assessment criteria. We only procure raw materials from the suppliers listed on our qualified supplier catalog. All potential suppliers must pass our internal supplier admission standard before entering into our qualified supplier catalog. We consider several factors in the selection of suppliers, including but not limited to the potential supplier's material performance, supplies quality, prices offered, years of operation and quality control accreditations. Potential key raw materials suppliers are subject to onsite inspection conducted by us in order to evaluate their production processes, quality-control, and ESG related performance indicator including carbon emission and pollution management.

Major suppliers

Our suppliers are primarily raw materials, equipment, and engineering service providers. In 2022, 2023 and 2024 and the six months ended June 30, 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB14,662.7 million, RMB13,734.0 million, RMB10,454.1 million and RMB5,116.3 million, respectively, accounting for 36.5%, 36.6%, 24.9% and 25.7% of our total purchases in the respective periods. In 2022, 2023 and 2024 and the six months ended June 30, 2025, purchases from our largest supplier in each year during the Track Record Period amounted to RMB5,065.5 million, RMB6,076.5 million, RMB2,713.2 million and RMB1,455.9 million, respectively, accounting for 12.6%, 16.2%, 6.5% and 7.3% of our total purchases in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

For the year ended December 31, 2022

Rank	Supplier	Major products procured from the supplier	Transaction amount (RMB million)	Percentage of purchase amount (%)	Years of business relationship	Background
1	Supplier A	nickel ores, nickel intermediates and crude cobalt hydroxide	5,065.5	12.6%	Three	A globally renowned large-scale and integrated group engaged in the production, sales and trading of stainless steel and nickel and cobalt and other materials, which was founded in 2003 with headquarters in Wenzhou, China.
2	Supplier B ⁽¹⁾	nickel intermediates, crude cobalt hydroxide and nickel sulfate	2,752.8	6.9%	Five	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
3	Supplier C	nickel intermediates and crude cobalt hydroxide	2,544.2	6.3%	Six	A leading global diversified natural resources company, which was founded in 1974 with headquarters in Baar, Switzerland.
4	Supplier D	nickel intermediates	2,260.6	5.6%	Six	A leading global diversified resources company with operations in iron ore, coal, copper, nickel, oil and gas which was founded in 1885 with headquarters in Melbourne, Australia.

BUSINESS

Rank	Supplier	Major products procured from the supplier	Transaction amount (RMB million)	Percentage of purchase amount (%)	Years of business relationship	Background
5	Supplier E ⁽²⁾	nickel intermediates and crude cobalt hydroxide	2,039.6	5.1%	Four	A company mainly engaged in commodity trading which was founded in 1995 with headquarters in Xiamen, China.
Total			14,662.7	36.5%		

Notes:

(1) The nickel intermediates we procured from Supplier B in 2022 were MHP as our raw materials.

Supplier B is also a customer of us in 2022, to which we resold raw materials that were procured externally, mainly including nickel pellets and nickel powder. The revenue from resales of raw materials to Supplier B in 2022 was RMB381.5 million, with a negative gross profit margin of 0.9%. The negative gross profit margin was primarily attributable to the decrease in the prices of those raw materials, driven by a decrease in nickel prices, which resulted in selling prices falling below procurement costs.

(2) The nickel intermediates we procured from Supplier E in 2022 were mainly high-grade nickel matte as our raw materials.

Supplier E is also a customer of us in 2022, to which we resold raw materials that were procured externally, mainly including NPI. The revenue from resales of raw materials to Supplier E in 2022 was RMB17.8 million, with a gross profit margin of 10.5%.

For the year ended December 31, 2023

Rank	Supplier	Major products procured from the supplier	Transaction amount (RMB million)	Percentage of purchase amount (%)	Years of business relationship	Background
1	Supplier A ⁽¹⁾	nickel ores, nickel intermediates and crude cobalt hydroxide	6,076.5	16.2%	Three	A globally renowned large-scale and integrated group engaged in the production, sales and trading of stainless steel and nickel and cobalt and other materials, which was founded in 2003 with headquarters in Wenzhou, China.
2	Supplier B ⁽²⁾	nickel intermediates, crude cobalt hydroxide and nickel sulfate	2,470.1	6.6%	Five	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
3	Supplier D	nickel intermediates	2,009.9	5.4%	Six	A leading global diversified resources company with operations in iron ore, coal, copper, nickel, oil and gas, which was founded in 1885 with headquarters in Melbourne, Australia.
4	Supplier F	equipment and spare parts	1,763.1	4.7%	One	A company mainly engaged in international import and export wholesale business, which was founded in 2020 with headquarters in Changzhou, China.
5	Supplier C ⁽³⁾	nickel intermediates and crude cobalt hydroxide	1,414.4	3.8%	Six	A leading global diversified natural resources company, which was founded in 1974 with headquarters in Baar, Switzerland.
Total			13,734.0	36.6%		

Notes:

(1) The nickel intermediates we procured from Supplier A in 2023 were mainly high-grade nickel matte as our raw materials.

BUSINESS

Supplier A is also a customer of us in 2023, to which we mainly sold new energy metal products mainly including self-produced NPI. The revenue from Supplier A in 2023 was RMB1,356.7 million, with a gross profit margin of 11.3%.

- (2) The nickel intermediates we procured from Supplier B were MHP as our raw materials.

Supplier B is also a customer of us in 2023, to which we mainly resold raw materials that were procured externally, mainly including nickel pellets and nickel powder, to optimize our inventory in consideration of the production plan. The revenue from resale of raw materials to Supplier B in 2023 was RMB512.4 million, with a negative gross profit margin of 0.3%. The negative gross profit margin was primarily attributable to the decrease in the prices of those raw materials, driven by a decrease in nickel prices, which resulted in selling prices falling below procurement costs.

- (3) The nickel intermediates we procured from Supplier C were mainly nickel pellets.

Supplier C is also a customer of us in 2023, to which we resold raw materials that were procured externally, mainly including nickel pellets and nickel powder to optimize our inventory level in consideration of the production plan. The revenue from resales of raw materials to Supplier C in 2023 was RMB902.1 million, with a gross profit margin of 0.2%. In accordance with the agreement entered into with Supplier C, we were contractually obligated to procure nickel pellets. However, as global nickel prices continued to decline, we proactively adjusted our inventory management strategy to mitigate potential impairment losses. As a traded commodity, we resold a portion of the externally procured nickel intermediates, mainly including nickel powder, to Supplier C to optimize our inventory.

For the year ended December 31, 2024

Rank	Supplier	Major products procured from the supplier	Transaction amount	Percentage of purchase amount	Years of business relationship	Background
			(RMB)	(%)		
1	Supplier G ⁽¹⁾	electrolytic nickel	2,713.2	6.5%	One	PT. CNGR Ding Xing New Energy, our 50.0% owned joint venture, principally engaged in the mining, processing and sale of mineral resources, which was founded in 2022 and located in Indonesia. It currently operates the refining facility of our Morowali production base. See “—Production —Production Bases.”
2	Supplier H ⁽²⁾	nickel intermediates and crude cobalt hydroxide	2,581.8	6.1%	Five	A company mainly engaged in base metal commodity trading with headquarters in Geneva, Switzerland, which started their business in 2005.
3	Supplier I	nickel intermediates	2,213.6	5.3%	One	A general trading companies, with businesses in a wide range of sectors, including metals, energy and chemicals, which was founded in 1858 and located in Singapore.
4	Supplier B ⁽³⁾	nickel intermediates, nickel sulfate and crude cobalt hydroxide	1,563.0	3.7%	Five	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
5	Supplier C ⁽⁴⁾	nickel intermediates and crude cobalt hydroxide	1,382.5	3.3%	Six	A leading global diversified natural resources company, which was founded in 1974 with headquarters in Baar, Switzerland.
Total			10,454.1	24.9%		

Notes:

- (1) We procured electrolytic nickel from Supplier G, namely PT. CNGR Ding Xing New Energy, and then resold those electrolytic nickel to our customers as part of our new energy metal products business. The average purchase price of electrolytic nickel from supplier G was RMB137,000 per metal ton in 2023 and RMB118,000 per metal ton in 2024, which was generally in line with the price at which we procured from independent third parties.

Supplier G was also a customer of us in 2024, to which we mainly sold new energy metal products, mainly including self-produced high-grade nickel matte. The refining facility of Supplier G requires nickel intermediates as raw materials for the production of electrolytic nickel. The new energy metal products we provided to Supplier G were not directly related to the electrolytic nickel we procured from it, as the electrolytic nickel is not customized products. The electrolytic nickel we procured from Supplier G, may have been produced, in whole or in part, using the nickel intermediates originally supplied by us.

BUSINESS

The revenue from Supplier G in 2024 was RMB920.9 million, with a gross profit margin of 3.4%. The gross profit margin was lower than the overall gross profit margin of our overall new energy metal products, primarily due to the fact that we mainly sold high-grade nickel matte to Supplier G, which was of relatively lower gross profit margin as compared to other new energy metal products we sold. The average selling price of new energy metal products to Supplier G in 2024 was RMB95,000 per metal ton.

Supplier G was also a customer of us in 2023, to which we provided certain engineering and consultation services. The revenue from Supplier G was RMB66.3 million, with gross profit margin of 7.7%.

- (2) Supplier H was also a customer of us in 2024, to which we mainly sold outsourced nickel plate under our metals trading business and nickel plate under our new energy metal products business. The revenue from Supplier H in 2024 was RMB1,648.8 million, with a gross profit margin of 1.2%. During the Track Record Period, the metals trading business were of a relatively lower gross profit margin.
- (3) The nickel intermediates we procured from Supplier B were MHP as our raw materials.

Supplier B was also a customer of us in 2024, to which we mainly sold nickel plate under our new energy metal products business and resold part of the raw materials that were procured externally mainly including nickel powder. The revenue from Supplier B in 2024 was RMB1,417.6 million, with a gross profit margin of 3.0%. During the Track Record Period, the resold raw materials were of a relatively lower or negative gross profit margin due to the continuous decrease in nickel price.

- (4) Supplier C was also a customer of us in 2024, to which we mainly sold nickel plate under our new energy metal products business and resold raw materials. The revenue from Supplier C in 2024 was RMB454.9 million, with a negative gross profit margin of 2.0%. During the Track Record Period, the resold raw materials were of a relatively lower or negative gross profit margin.

For the six months ended June 30, 2025

Rank	Supplier	Major products procured from the supplier	Transaction amount (RMB million)	Percentage of purchase amount (%)	Years of business relationship	Background
1	Supplier G ⁽¹⁾	Electrolytic nickel	1,455.9	7.3%	Two	PT. CNGR Ding Xing New Energy, Our 50.0% owned joint venture, principally engaged in the mining, processing and sale of mineral resources, which was founded in 2022 and located in Indonesia. It currently operates the refining facility of our Morowali production base. See “—Production — Production Bases.”
2	Supplier H ⁽²⁾	Nickel intermediates and crude cobalt hydroxide	1,217.7	6.1%	Six	A company mainly engaged in base metal commodity trading with headquarters in Geneva, Switzerland, which started their business in 2005.
3	Supplier J ⁽³⁾	equipment and spare parts	852.9	4.3%	One	A company mainly engaged in supply chain management services and import and export of goods, which was founded in 2023 and located in Changsha, China.
4	Supplier B ⁽⁴⁾	Nickel intermediates, nickel sulfate and crude cobalt hydroxide	845.9	4.3%	Six	A leading independent global commodities trading company, which was founded in 1993 with headquarters in Geneva, Switzerland.
5	Supplier K ⁽⁵⁾	Crude cobalt hydroxide, cobalt chloride	743.9	3.7%	Six	A company mainly engaged in battery manufacturing and sales, which was founded in 2008 and located in Ningde, China.
Total			5,116.3	25.7%		

Notes:

- (1) Supplier G, namely PT. CNGR Ding Xing New Energy, was also a customer of us in the six months ended June 30, 2025, to which we mainly sold nickel matte and crude sulfate nickel under our new energy metal products business. The revenue from Supplier G was RMB1,031.3 million in the six months ended June 30, 2025, with gross profit margin of 5.9%.
- (2) Supplier H was also a customer of us in the six months ended June 30, 2025, to which we mainly sold nickel plate under our new energy metal products business. The revenue from Supplier H was RMB811.8 million, with gross profit margin of 1.4%. During the Track Record Period, the metals trading business were of a relatively lower gross profit margin.

BUSINESS

- (3) Supplier J was also a customer of us in the six months ended June 30, 2025, to which we sold a small quantity of spare parts. The revenue from Supplier J was RMB66.7 thousand in the six months ended June 30, 2025, with gross profit margin of 1.8%.
- (4) The nickel intermediates we procured from supplier B were MHP as our raw materials.
- Supplier B was also a customer of us in the six months ended June 30, 2025, to which we mainly sold nickel plate under our new energy metal product business. The revenue from Supplier B was RMB1,088.1 million in the six months ended June 30, 2025, with gross profit margin of 4.9%.
- (5) Supplier K was also a customer of us in the six months ended June 30, 2025, to which we sold nickel-based materials. The revenue from Supplier K was RMB12.1 thousand in the six months ended June 30, 2025, with gross profit margin of 7.1%.

Major terms of contract with our suppliers

We generally enter into agreements with our suppliers. The key terms in our procurement agreements typically include:

Payment and credit terms	:	Depending on the type of raw materials we procured, we may be required to make the payment in advance, or granted a credit term typically ranging from one to two months.
Price	:	The procurement prices are typically determined with reference to the average LME/MB or SMM/SHFE prices over an agreed period as the metal pricing benchmark, applying negotiated discount rates.
Product quality	:	The quality specifications are included as part of the agreement. Typically, the supplier provides the report of analysis at loading port, and we and the supplier shall appoint a third party to carry out the chemical analysis of the raw materials.
Title and risk	:	Typically, the title and risk of raw materials procured are passed to us when we make the prepayment or the raw materials are delivered to our warehouses.
Others	:	Other terms such as delivery methods and shipment schedules.
Termination and dispute resolution	:	The agreement may be terminated by mutual consent. In the event of a dispute concerning the performance of the agreement, if negotiations fail to resolve the issue, the matter shall be settled through litigation.

Inventory management

Our inventories mainly include raw materials, work-in-progress, finished goods and goods in transit. Based on our forecasted orders, our inventory management department conducts a daily check and update of our inventory level and plans our procurement accordingly. We also conduct inventory aging analysis periodically to reduce the risk of inventory obsolescence and employ our intelligent warehousing system to track and manage our inventory aging status.

Furthermore, benefiting from nickel self-sufficiency derived through our integrated operation, we from time to time resell externally sourced nickel raw materials, such as high-purity nickel and nickel matte, to maintain an optimal inventory level in response to the raw material price fluctuations.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our inventory amounted to RMB9,620.2 million, RMB7,929.1 million, RMB9,826.4 million and RMB10,226.8 million, and our inventory turnover days in 2022, 2023 and 2024 and the six months ended June 30, 2025 are 98 days, 109 days, 92 days and 96 days, respectively. See “Financial Information — Selected Balance Sheet Items — Inventories.”

BUSINESS

Hedging

To reasonably mitigate the operational risks associated with fluctuations in the prices of key raw materials and products, we employ hedging strategies for raw materials and products critical to our production and operations, mainly including nickel raw materials. We are engaged in the production and processing of metals such as nickel and cobalt, and the raw materials for the production of metal products held by us are exposed to the risk of price fluctuations. Therefore, we use respective commodity future contracts on futures exchanges to manage the commodity price risk associated with metal-containing raw materials. The metal products produced and processed by us are the same as the standard metal products in the commodity future contracts. The basic variables of the hedging instruments (metals futures contracts) and the hedged items are standard metal prices. We conduct a monthly assessment of our inventory of metal raw materials to figure out the amount of metal raw materials that are subject to price fluctuation risk, and then determine the appropriate amount to be hedged. Following each assessment, we will determine the ratio of metals covered by hedging instruments to the quantity of hedged items (namely, metal raw materials exposed to price fluctuations) to be 1:1. The hedging instruments typically have a term of approximately three months. This approach ensures that, at each monthly assessment point, the total amount of metal raw materials covered by hedging instruments corresponds to the quantity of metal raw materials to be hedged held in inventory at a ratio of approximately 1:1. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the contractual value of our then effective hedging instruments amounted to RMB3,507.3 million, RMB6,379.6 million, RMB10,642.6 million and RMB14,341.0 million. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative, which reflected the difference between the market prices and the trade prices of the hedging instruments. As of December 31, 2022, we had liabilities of commodity futures at fair value designated as hedging relationships of RMB459.5 million. As of December 31, 2023 and 2024 and June 30, 2025, we had assets of commodity futures at fair value designated as hedging relationships of RMB117.2 million, RMB135.3 million and RMB58.3 million, respectively. See “Financial Information — Selected Balance Sheet Items — Derivative Financial Instruments.”

Moreover, we are also subject to the risks associated with fluctuation in the exchange rates of foreign currency. To mitigate such risks, we employ foreign exchange financial derivatives to manage the foreign exchange risks. Based on the predicted settlement/sale time and amount, we lock in the settlement exchange rate in advance through hedging tools to avoid future exchange rate fluctuations. We adhere strictly to the basic principles of hedging, establish internal control systems related to hedging, continuously evaluate the effectiveness of hedging, ensure that the hedging relationship is effective during the designated accounting period, and achieve the expected risk management objectives. Currently, the ratio of our foreign exchange hedging for receivables conducted in the offshore market and the hedging for payables carried out in the onshore market ranges between around 80% to 100%. Such transactions are entered into for hedging purpose. We typically select foreign exchange hedging instruments with a term of around one year.

We have implemented internal controls and risk management procedures for our hedging activities in compliance with relevant laws and regulations, including the Shenzhen Stock Exchange listing rules and commodity futures regulations. These procedures establish clear guidelines on the principles, approval authority, operational processes, risk management, and confidentiality of hedging activities, ensuring a comprehensive and robust internal control system. Our organizational structure for hedging activities is carefully designed, with a clear division of responsibilities and authority across departments and roles. We have established a working group, which will be responsible for matters related to futures and derivatives hedging activities. We must obtain approval from the Board before conducting hedging transactions. If the transaction meets the criteria for shareholder meeting review as stipulated in the Articles of Association, it must also be submitted to the general meeting of Shareholders for approval. Additionally, we have adopted a vertical management system with independent financial oversight and strategy execution reviews to prevent unauthorized actions, safeguarding the independence of our financial supervision. The margin scale

BUSINESS

for our hedging activities is carefully matched to our own capital, business operations, and actual needs, ensuring it does not impact our core business operations. The total margin intended to be invested annually in commodity hedging-related futures, forwards, swaps, options, and other exchange-traded and over-the-counter derivative transactions shall not exceed 10% of our most recently audited net assets. In the event of special circumstances requiring additional funds, such increase must be submitted to the Board for review and approval.

Logistics

Our products are usually stored in our own warehouses located in our production bases before they are delivered to our customers. We primarily use third-party logistics service providers for the delivery of finished goods from our production bases and warehouses to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their performance and compliance with our requirements to ensure smooth delivery of products to customers. We usually enter into agreements with our logistics service providers on an annual basis. Our logistics service providers bear the risks associated with the delivery of our products.

SALES AND MARKETING

We believe that consistently delivering high-quality products on time that meet and exceed our customers' expectations is the most efficient sales and marketing approach for us. As such, our sales and marketing activities are focused on maintaining and expanding the scope of our strategic relationships with our customers since we aim to become and remain the strategic long-term partner of our customers. In addition to maintaining and strengthening relationships with our existing customers, our sales team also proactively explore new partnerships with potential customers, especially as we expand our offering of products and services.

To serve our customers wherever they are, we will further strengthen our global presence and enhance the development of our industrial ecosystem.

Our customers

Our direct and indirect customers are mainly leading companies in the global new energy materials, battery, automotive and consumer electronics industries. During the Track Record Period, we did not engage any distributors, and all our products and services were sold or provided by us to our customers directly. We intend to continue to engage in direct sales only without the use of distributors given the nature of our long-term strategic relationships with our customers.

Major customers

In 2022, 2023 and 2024 and the six months ended June 30, 2025, revenue from our five largest customers in each year during the Track Record Period amounted to RMB17,589.7 million, RMB14,984.2 million, RMB11,734.9 million and RMB7,245.9 million, respectively, accounting for 58.0%, 43.7%, 29.2% and 34.0% of our total revenue in the respective periods. In 2022, 2023 and 2024 and the six months ended June 30, 2025, revenue from our largest customer in each year during the Track Record Period amounted to RMB5,513.0 million, RMB4,524.5 million, RMB3,548.0 million and RMB2,026.2 million, respectively, - accounting for 18.2%, 13.2%, 8.8% and 9.5% of our total revenue in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

BUSINESS

The following tables set forth certain information relating to our top five customers for the periods indicated.

For the year ended December 31, 2022

Rank	Customer	Major products sold to the customer	Transaction amount <i>(RMB million)</i>	Percentage of revenue <i>(%)</i>	Years of business relationship	Background
1	Customer A	Nickel-based materials	5,513.0	18.2%	Five	A multinational company in the electric vehicle and clean energy industry, which was founded in 2003 with headquarters in Texas, USA.
2	Customer B ⁽¹⁾	Nickel-based materials	3,510.9	11.6%	Seven	A high-tech enterprise focusing on the R&D, production and sales of core anode materials and cathode for lithium-ion batteries which was founded in 2000 with headquarters in Shenzhen, China.
3	Customer C	Nickel-based materials	3,474.6	11.5%	Nine	A company with businesses ranging from petrochemicals to advanced materials, which was founded in 1947, with headquarters in Seoul, South Korea.
4	Customer D ⁽²⁾	Nickel-based materials and cobalt-based materials	2,733.4	9.0%	Seven	A company with main business covering the fields of mining, ore dressing, non-ferrous metal metallurgy and process mineralogy, which was founded in 2000 with headquarters in Beijing, China.
5	Customer E	Nickel-based materials	2,357.8	7.8%	Seven	A company initially focused on the production of LCD Backlight Units (BLUs) and began to venture into the business of cathode for lithium-ion secondary batteries, which was founded in 2000 with headquarters in Daegu, South Korea.
Total			17,589.7	58.0%		

Notes:

- (1) Customer B was also a supplier of us in 2022, from which we procured logistics services. The purchase amount from Customer B in 2022 was RMB0.4 million; and
- (2) Customer D was also a supplier of us in 2022, from which we procured sulfate nickel. The purchase amount from Customer D was RMB76.6 million.

BUSINESS

For the year ended December 31, 2023

Rank	Customer	Major products sold to the customer	Transaction amount <i>(RMB million)</i>	Percentage of revenue <i>(%)</i>	Years of business relationship	Background
1	Customer A ⁽¹⁾	Nickel-based materials	4,524.5	13.2%	Five	A multinational company in the electric vehicle and clean energy industry which was founded in 2003 with headquarters in Texas, USA.
2	Customer B ⁽²⁾	Nickel-based materials and cobalt-based materials	3,550.4	10.4%	Seven	A high-tech enterprise focusing on the research, development, production and sales of core anode materials and cathode for lithium-ion batteries which was founded in 2000 with headquarters in Shenzhen, China.
3	Customer F	Nickel-based materials, cobalt-based materials, phosphorus-based materials and lithium carbonate	3,223.9	9.4%	Eight	A high-tech enterprise focusing on the research, development, production and sales of cathode for lithium-ion batteries which was founded in 2016 with headquarters in Xiamen, China.
4	Customer G	Nickel-based materials and cobalt-based materials	1,931.0	5.6%	Five	A company with main products including cathode for EV batteries such as NCA and NCM, which was founded in 1998 with headquarters in Cheongju City, South Korea.
5	Customer E ⁽³⁾	Nickel-based materials, cobalt-based materials and phosphorus-based materials	1,754.4	5.1%	Seven	A company that initially focused on the production of LCD Backlight Units (BLUs) and began to venture into the business of cathode for lithium-ion secondary batteries, which was founded in 2000 with headquarters in Daegu, South Korea.
Total			14,984.2	43.7%		

Notes:

- (1) Customer A was also a supplier of us in 2023, from which we procured spent lithium batteries. The purchase amount from Customer A in 2023 was RMB3.0 million.
- (2) Customer B was also a supplier of us in 2023, from which we mainly procured logistics services. The purchase amount from Customer B in 2023 was RMB3.0 million; and
- (3) Customer E was also a supplier of us in 2023, from which we mainly procured lithium carbonate. The purchase amount from Customer E in 2023 was RMB83.2 million.

BUSINESS

For the year ended December 31, 2024

Rank	Customer	Major products sold to the customer	Transaction amount <i>(RMB million)</i>	Percentage of revenue <i>(%)</i>	Years of business relationship	Background
1	Customer A ⁽¹⁾	Nickel-based materials	3,548.0	8.8%	Five	A multinational company in the electric vehicle and clean energy industry, which was founded in 2003 with headquarters in Texas, USA.
2	Customer F	Nickel-based materials, cobalt-based materials, phosphorus-based materials and lithium carbonate	2,616.2	6.5%	Eight	A high-tech enterprise focusing on the research, development, production and sales of cathode for lithium-ion batteries, which was founded in 2016 with headquarters in Xiamen, China.
3	Customer G	Nickel-based materials and cobalt-based materials	1,882.2	4.7%	Five	A company with main products including cathode for EV batteries as NCA and NCM, which was founded in 1998 with headquarters in Cheongju City, South Korea.
4	Customer H ⁽²⁾	Nickel-based materials, cobalt-based materials and phosphorus-based materials	1,847.3	4.6%	Seven	A multinational-type group of companies in the high-tech new energy material industry, which was founded in 2014 with headquarters in Yuyao, China.
5	Customer I ⁽³⁾	Electrolytic nickel	1,841.2	4.6%	One	A company with main business covering the production and sales of nickel, copper, cobalt, platinum group precious metals, non-ferrous metal rolling and processing products, chemical products and so on, which was founded in 2001 with headquarters in Jinchang, China.
Total			11,734.9	29.2%		

Notes:

- (1) Customer A was also a supplier of us in 2024, from which we procured spent lithium batteries. The purchase amount from Customer A in 2024 was RMB3.3 million.
- (2) Customer H was also a supplier of us in 2024, from which we mainly procured black mass. The purchase amount from Customer H in 2024 was RMB2.7 million; and
- (3) Customer I was also a supplier of us in 2024, from which we mainly procured nickel ores and nickel intermediates. The purchase amount from Customer I in 2023 was RMB1,070.4 million.

BUSINESS

For the six months ended June 30, 2025

Rank	Customer	Major products sold to the customer	Transaction amount (RMB million)	Percentage of revenue (%)	Years of business relationship	Background
1	Customer F	Nickel-based materials, cobalt-based materials, phosphorusbased materials and lithium carbonate	2,026.2	9.5%	Nine	A high-tech enterprise focusing on the research, development, production and sales of cathode for lithium-ion batteries, which was founded in 2016 with headquarters in Xiamen, China.
2	Customer A ⁽¹⁾	Nickel-based materials	1,841.8	8.6%	Six	A multinational company in the electric vehicle and clean energy industry, which was founded in 2003 with headquarters in Texas, USA.
3	Customer J ⁽²⁾	Nickel intermediates	1,258.6	5.9%	Two	It is also our Supplier A, which is a globally renowned large-scale and integrated group engaged in the production, sales and trading of stainless steel and nickel and cobalt and other materials, which was founded in 2003 with headquarter in Wenzhou, China.
4	Customer K ⁽³⁾	Electrolytic nickel, nickel plates and nickel intermediates	1,088.1	5.1%	Three	It is also our Supplier B, which is a leading independent global commodities trading company, which was founded in 1993 with headquarter in Geneva, Switzerland.
5	Customer L ⁽⁴⁾	Nickel intermediates and crude cobalt hydroxide	1,031.3	4.8%	Two	It is also our Supplier G, which is our 50.0% owned joint venture, principally engaged in the mining, processing and sale of mineral resources, which was founded in 2022 and located in Indonesia. It currently operates the refining facility of our Morowali production base. See “— Production — Production Bases.”
Total			7,245.9	34.0%		

Notes:

- (1) Customer A was also a supplier of us for the six months ended June 30, 2025, from which we procured spent lithium batteries. The purchase amount from Customer A for the six months ended June 30, 2025 was RMB1.4 million.
- (2) Customer J was also a supplier of us for the six months ended June 30, 2025, from which we procured nickel ores, nickel intermediates and crude cobalt hydroxide. The purchase amount from Customer J for the six months ended June 30, 2025 was RMB653.1 million.
- (3) Customer K was also a supplier of us for the six months ended June 30, 2025, from which we procured nickel intermediates, nickel sulfate and crude cobalt hydroxide. The purchase amount from Customer K for the six months ended June 30, 2025 was RMB845.9 million.
- (4) Customer L was also a supplier of us for the six months ended June 30, 2025, from which we procured electrolytic nickel. The purchase amount from Customer L for the six months ended June 30, 2025 was RMB1,455.9 million.

The decrease in revenue from Customer A from RMB5,513.0 million in 2022 to RMB3,548.0 million in 2024 and further to RMB1,841.8 million in the six months ended June 30, 2025, primarily due to the decrease in prices of nickel-based materials. See “Financial Information - Principal Components of Results of Operations - Revenue.” The sales volume of nickel-based materials decreased to a lesser extent from 42,900 metric ton in 2022 to 36,700 metric ton in 2024, primarily because Customer A engaged certain

BUSINESS

third-party cathode manufacturers to procure a portion of the nickel-based materials from us, rather than purchasing directly from us. Taking into account the nickel-based materials procured by third parties engaged by Customer A, the total volume of nickel-based materials procured from us amounted to 49,020 metric tons, 44,922 metric tons, 50,677 metric tons, and 22,651 metric tons, respectively. We believe we had no material adverse change in the relationship with major customers during the Track Record Period. We believe that the likelihood of any material adverse change in or termination of our business relationship with our top five customers is low, considering that (i) we have partnered with all of these customers for long periods of time and have established mutually beneficially relationships with them; and (ii) we are involved in the very beginning of their product development process, which enables us to gain a unique and deep understanding of their demands and preferences, giving us competitive advantages as compared to our competitors. For risks associated with our key customers, see “Risk Factors – We generate the majority of our revenue from a limited number of key customers, the loss of whom may cause significant fluctuations or declines in our sales.”

Major terms of typical agreements with our customers

Quantity and delivery schedule	:	The total sales amounts will be specified in the agreement with a detailed delivery schedule.
Specification	:	We usually set relevant technical parameters in the separate sales contracts with the customer under the framework agreement. Those parameters specify certain characteristics of the products to be delivered.
Price	:	Typically, we enter into separate pricing contracts with the customer. The prices for our products are typically consisted of prices for raw materials and processing prices. We typically use the average LME/MB or SMM/SHFE prices over an agreed period as the metal pricing benchmark, applying negotiated discount rates to price our new energy battery materials. The prices for processing are fixed upon mutual agreements for products with different specifications in consideration of the prevailing market condition.
Payment and credit terms	:	We may grant credit period to our customers according to their credit profile and historical performance. We typically grant credit terms of one to two months to eligible customers.
Title and risk	:	The title and risk shall typically be passed to the customers when the products are delivered to the custody of the customers.
Termination and dispute resolution	:	The agreement may be terminated by mutual consent. In the event of a dispute concerning the performance of the agreement, if negotiations fail to resolve the issue, the matter shall be settled through litigation.

We may also enter into co-development agreement with our customer to provide customized products to them.

BUSINESS

Major terms of typical co-development agreements with our customers

Duration	:	Typically, the agreement has an initial term of three years. If neither party provides written notice of non-renewal at least one month prior to the expiration of the term, the Agreement shall be automatically extended for one additional year, and the same applies thereafter.
Roles and responsibilities	:	We shall carry out the design and development of the product according to the agreed schedule. The scope, items, specifications, functions, timeline and other related details shall be as specified in the product specification documents provided by the customers. After the project testing and acceptance are completed, both parties shall enter into a separate sales contract for the work results. The customer shall give priority to purchasing the products developed by us, and we shall ensure the fulfillment of customer's procurement and supply needs. The customer agrees to designate us as the largest supplier of the co-developed products under the agreement. If the customer's purchases of the co-developed products from us fall below an agreed portion of its total purchases of the same product, or if the customer explicitly indicates that it will no longer purchase the co-developed products from us then we shall have the right to sell the co-developed products to third parties with no need to pay any fees to the co-developed customers.
Ownership of intellectual properties	:	The intellectual property rights and know-how that are owned or independently developed by either party prior to the co-development under the agreement project shall remain the property of each respective party. The other party shall not acquire any ownership, in whole or in part, of such pre-existing intellectual properties by virtue of entering into or performing the agreement. Except for the pre-existing intellectual properties and unless otherwise agreed by both parties regarding the ownership of project-specific intellectual properties, both parties agree that all work results arising from this project shall be jointly owned by both parties.
Fee arrangement	:	Each party shall bear its own costs and responsibilities incurred in the performance of the agreement.
Warranties	:	We shall guarantee that the execution of the project and the quality, functionality, and specifications of the work results will fully meet the customer's requirements and testing standards for the product.
Termination	:	Either party shall have the right to unilaterally terminate the Agreement under certain circumstances, such as insolvency or cessation of business operations of the other party.

Overlapping of suppliers and customers

In 2022, 2023 and 2024 and the six months ended June 30, 2025, two, three, three and four customers among our five largest customers in each year during the Track Record Period were also our suppliers in the corresponding year, and our procurement from them amounted to 0.2%, 0.2%, 2.6% and 14.9% of our total procurement amounts in the corresponding year, respectively. We mainly sold new energy battery materials and new energy metal products to them, and procured raw materials, spent lithium-ion batteries and black

BUSINESS

mass from them. We procured these materials from certain customers primarily based on our long-term business relationships and the strategic advantages those customers enjoyed over the relevant resources.

In 2022, 2023 and 2024 and the six months ended June 30, 2025, three, two, four and five suppliers among our five largest suppliers in each year during the Track Record Period were also our customers in the corresponding year, and our sales to them amounted to 1.3%, 8.1%, 11.0% and 13.7% of our total revenue in the corresponding year, respectively. We mainly procured raw materials from them, and sold new energy metal products to them. Our suppliers procured those new energy metal products from us mainly due to our advantages in upstream resources and the recognition of our quality products.

The Company does not expect the magnitude of such overlap to increase. See “—Sales and Marketing — Our Customers — Major Customers,” and “—Our Supply Chain — Suppliers — Major Suppliers.”

COMPETITION

We operate our core business in the new energy battery materials market, which is relatively concentrated with significant barriers to entry. These entry barriers include robust R&D capabilities, strong customer recognition with lengthy certification process, access to key mineral resources and substantial capital investment. Competition among the leading players in the market remains intense.

We are the global leader of nickel-based and cobalt-based pCAM for lithium-ion batteries ranked by shipment volume for five consecutive years since 2020. We compete with other manufacturers mainly based on our ability to optimize vertically-integrated global operations, strengthen customer relationships, and continuously advance technology advancements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We actively promote the United Nations Sustainable Development Goals. As a member of the UNGC since May 2023, we support the UN SDGs and adhere to the ten principles of the UNGC. We have established comprehensive sustainable development system and maintained regular communication with our stakeholders to understand their concerns and expectations about our ESG governance, strategies, actions, and achievement of objectives. We are also dedicated to building a responsible supply chain that encompasses best practices related to labor, health and safety, environment, compliance management systems business ethics, and carbon emission performance.

As a key player in the supply chain of leading global companies, we are required to adhere to their stringent ESG (environmental, social, and governance) policies and guidelines, which are embedded into our own practices. These guidelines ensure that we excel in responsible resourcing and uphold the highest standards of environmental stewardship, social responsibility, and ethical governance. We require our suppliers to provide evidence of management systems that enforce ESG best practices within their operations, and demonstrate a commitment to responsible sourcing throughout their supply chains. By integrating these principles into our business model, we not only meet the expectations of our global partners but also drive continuous improvement in ESG performance across our entire value chain.

Along with our global expansion, we place significant emphasis on fulfilling our ESG responsibilities in overseas regions as well. In February 2025, our Morowali production base and Weda Bay production base in Indonesia have successfully passed the ESG audit under the Responsible Minerals Initiatives. This marks Morowali production base and Weda Bay production base as the first two companies in Indonesia to have simultaneously completed both the Responsible Minerals Assurance Process and the ESG audit. This achievement serves as a high recognition of our efforts in responsible supply chain management and sustainable development. Moreover, in 2024, we launched a five-year biodiversity protection project in Indonesia to contribute our efforts in protecting the local environment. Due to our strong ESG performance in 2024, our MSCI ESG rating was upgraded to AA from BBB in 2025.

BUSINESS

Our environmental compliance has been independently verified by external consultants during the Track Record Period. We have followed the requirements of the GRI Standards issued by the Global Sustainability Standards Board, with reference to United Nations Sustainable Development Goals and the Task Force on Climate-related Financial Disclosures.

Goal, targets and policies

We are dedicated to embracing the concepts of sustainable development. In 2023, we introduced a new corporate development strategy based on “Technology Diversification, Globalization, Digitalization of Operations, and Industry Ecologization”.

In response to climate change, various governments have introduced policies aimed at energy conservation and emission reduction. For example, China and the EU regions have implemented increasingly stringent regulations in these areas. As a result, stricter requirements for product energy efficiency, emissions, and regulatory compliance have led to higher compliance costs, project cancellations, and increased penalty risks. Supply chains are also being impacted by regional policies, such as the EU Battery Regulation and the Carbon Border Adjustment Mechanism, which contributed to rising export costs. Additionally, regulatory authorities and investors are demanding more rigorous and transparent disclosures regarding corporate carbon emissions, reduction targets, implementation measures, and performance, further driving up operational and financing costs.

To the best knowledge of us, the production and commercialization of our products are not categorized as polluting industries by PRC or overseas governments.

The responsibility of the Board in ESG matters

The Board plays an active role in ESG management, providing leadership and oversight to the dedicated ESG team. The Board’s primary focus is to ensure that our ESG efforts align with relevant legal regulations, standards, and regulatory requirements. The Board also assumes responsibility for managing and mitigating ESG-related risks, ensuring that ESG goals are effectively implemented throughout the Company. The specific ESG responsibilities of the board include:

- Overseeing and supervising the ESG team;
- Appointing leaders from the management team and relevant ESG departments to form the ESG team;
- Formulating the ESG strategic direction and ensuring its alignment with our overall development direction; and
- Assessing ESG-related risks.

The responsibilities of our ESG team

Our ESG team is appointed by the Board and consists of leaders from our management team and relevant ESG functional departments. Through such arrangement, the Board can diligently discharge its supervisory responsibilities for ESG issues in a timely manner. The specific responsibilities of the ESG team include:

- conducting research on the Company’s ESG governance and provide relevant advice;
- monitoring the implementation progress of the Company’s ESG strategies and goals;
- hearing from working groups and providing guidance for their work; and

BUSINESS

- reviewing the Company's annual ESG reports and other ESG-related disclosures to ensure their completeness and accuracy.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material risks or issues in relation to ESG, nor have we been subject to any material fines or penalties for non-compliance or violation of the environmental laws of the PRC. Going forward, we will continue to improve our ESG management structure, form ESG strategies and targets, and track the target completion progress. We plan to further improve risk identification and assessment procedures, enhance risk management capabilities and disclose ESG reports on a regular basis.

Environment

We are subject to environmental laws and regulations in mainland China including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) and other relevant laws and regulations. We strictly abide by the requirements of these laws, formulate internal policy documents related to environmental management, and require all production bases to regularly review the operation of environmental management systems.

We intensify our investments in environmental protection and implementing multiple measures to reduce resource consumption and greenhouse gas emissions. In particular,

- *Electricity consumption.* We are enhancing energy efficiency through clean energy adoption and management upgrades. Our 6MW photovoltaic project with 5,000m² of solar parking sheds powering 31 EV charging piles in Ningxiang production base has been put into operation in June 2024, and expect to generate 8 million kWh annually from 2024. In 2024, we sourced approximately 86.9% of our electricity from clean energy, surpassing its 75% target set for the 2024. Such target was set mainly based on our commitment to achieve 100% electricity from clean energy by 2025, with a linear increase from 2022 to 2025, with reference to overall decarbonization plans of downstream customers in the value chain and our development plan. Our Qinzhou production base achieved 100% clean energy supply since 2022, and our Kaiyang production base has achieved 70% clean energy supply in 2023. We continuously improve our energy management system, with ISO 50001 certifications obtained for key bases.
- *Water consumption.* We are committed to using water resources responsibly and sustainably by improving water recycling and reducing withdrawals from the environment. To minimize the ecological impact, we optimize production processes and enhance water resource recycling across our operations. We also plan that by 2025, the overall water recycling rate at our domestic production bases will reach 70% or above, reinforcing our commitment to sustainable water management. Such target was set with reference to the average of industry peer and the development stage of the Group. In 2024, we have achieved a water recycling rate of 59.6%, representing a 91.7% target achievement rate. Achieving those ESG goals is expect to enhance the recognition of our brand in the international markets, and we do not consider there would be any material negative financial impact for achieving such goals.
- *Greenhouse gas emissions.* We are committed to reducing carbon emissions across the entire product lifecycle and minimizing our environmental impact. We have established a product carbon footprint management system and implements resource recycling management throughout product design, production, scrap, and battery recovery to achieve a closed-loop material cycle.

BUSINESS

Energy consumption

The energy resources we consumed during the Track Record Period mainly included coal, electricity, natural gas and fuel oil. The following table sets forth the metrics of the energy consumption (excluding clean energy electricity) for the periods indicated.

	Unit	Year Ended December 31,		
		2022	2023	2024
Total energy consumption	GJ	4,399,490	4,531,939	3,024,403

Pollutants and Emissions

The following table sets forth the total pollutant and emissions for the periods indicated.

	Unit	Year Ended December 31,		
		2022	2023	2024
Waste gas	ton	33	170	225
solid waste	ton	32,925	74,118	78,292

Greenhouse gas emissions

The following table sets forth the greenhouse gas emissions for the periods indicated.

	Unit	Year Ended December 31,		
		2022	2023	2024
Scope 1 ⁽¹⁾	tCO ₂ e	62,371	161,121	199,996
Scope 2 ⁽²⁾	tCO ₂ e	529,292	402,812	250,893
Scope 3 ⁽³⁾	tCO ₂ e	3,937,758	4,553,325	4,629,042

Note:

- (1) According to Greenhouse Gas Protocol, scope 1 emissions refer to the direct emission, primarily arising from the emission from our production facilities.
- (2) According to Greenhouse Gas Protocol, scope 2 emissions refer to the indirect emission, primarily arising from electricity and steam consumption.
- (3) According to Greenhouse Gas Protocol, scope 3 emissions refer to the emission throughout the value chain, which mainly include upstream emissions from raw and auxiliary materials, transportation, and other related sources.

Our scope 1 emission increased from 62.4 tCO₂e in 2022 to 161,121 tCO₂e in 2023, and further to 199,996 tCO₂e in 2024, primarily due to the increase in production facilities and production output. Our scope 2 emission decreased from 529,292 tCO₂e in 2022 to 402,812 tCO₂e in 2023, and further to 250,893 tCO₂e in 2024, primarily due to the continuous increase in rates of clean energy electricity. Our scope 3 emission increased from 3,937,758 tCO₂e in 2022 to 4,553,325 tCO₂e in 2023, and further to 4,629,042 tCO₂e in 2024, primarily due to increased procurement to satisfy the increasing production demands.

Supply chain

We are committed to promoting a sustainable enterprise governance and integrate it into all major aspects of our business operations, particularly the supply chain management.

- *Admission assessment.* As an important step of the supplier admission process, we will conduct due diligence investigations and assessments over the suppliers in accordance with the UN

BUSINESS

Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and the Chinese Due Diligence Guidelines for Mineral Supply Chain. Through our supplier admission process, we will evaluate the company profiles, operational capabilities, product competence, and ESG factors, including human rights protection, occupational health and safety, and responsible mineral sourcing of the suppliers thoroughly.

- *Compliance commitment.* We require all of our suppliers to adhere to our Due Diligence Management Policy for Responsible Global Mineral Supply Chains and Suppliers' Code of Conduct. Our suppliers must sign an acknowledgment letter and a supplier commitment agreement, which includes obligations related to occupational health and safety management, environmental material management, integrity and confidentiality, and due diligence management of mineral supply chains. For overseas suppliers, due diligence clauses are incorporated into procurement contracts to ensure compliance.
- *Regular evaluation.* We conduct annual supply chain due diligence assessments on nickel, cobalt, and manganese suppliers. These evaluations involve collecting qualitative and quantitative information through KYS (Know Your Supplier) questionnaires and mineral source assessments to identify potential risks related to human rights, child labor, and armed conflict. Enhanced due diligence is carried out when red flag issues are identified.

Supplier selection and management

We have formulated the ESG Management Policy and actively integrate environmental sustainability into our supply chain management practices. To promote green development, we prioritize collaboration with suppliers that demonstrate strong carbon emission performance and align with our sustainability goals.

As part of our commitment to carbon reduction and environmental responsibility, we have revised our Supplier ESG System Audit Form to include carbon emission performance as a key evaluation criterion for suppliers of major raw materials. We interact with suppliers through email correspondence, on-site visits, and direct communications to evaluate their current carbon emissions, organizational carbon reduction targets, and product-level decarbonization strategies. Through these engagement, we actively promote our carbon reduction targets and require suppliers to accelerate their efforts in tracking, disclosing, and mitigating carbon emissions.

Production facilities, contract manufacturers and warehouses

We have established relevant policies to manage environmental affairs within our production bases. We strictly abide by the requirements of the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, and other relevant laws and regulations. To ensure compliance with environmental requirements, we have formulated internal policy documents related to environmental management and require all production bases to regularly review the operation of their environmental management systems.

We have developed a comprehensive Environmental Protection Management System, following the ISO 14001 Environmental Management System standards, and implemented an environmental responsibility system that ensures accountability at all levels.

- *Energy Management and Emission Control:* We are committed to enhancing energy efficiency and reducing carbon emissions across our operations. By integrating renewable energy sources and optimizing production processes, we continuously strive to lower energy consumption per unit of production while ensuring sustainable growth. To expand the use of clean energy, we have actively developed photovoltaic power projects in our production bases, increasing our use of

BUSINESS

renewable electricity. We continue to implement energy-saving initiatives, including infrastructure upgrades, process optimizations, and the adoption of advanced technologies to improve efficiency. Additionally, we strengthen our energy management systems to align with international standards, ensuring systematic and effective energy conservation. For emission control, we conduct regular monitoring and adopt targeted measures to minimize environmental impact. Our facilities have implemented various efficiency-enhancing projects, optimizing electricity and steam use while replacing conventional equipment with energy-efficient alternatives. These efforts reflect our commitment to sustainable development and environmental responsibility.

- *Water Resource Management:* We are committed to the responsible and sustainable use of water resources, continuously improving water recycling efficiency and reducing our reliance on freshwater withdrawals. Recognizing the critical role of water in our operations, we have established strict management systems to optimize water usage and minimize environmental impact. To enhance water efficiency, we have implemented comprehensive measures, including process optimizations and increased water recycling in our production bases. We actively monitor water resource utilization to ensure compliance with environmental standards and continuously assess water-related risks throughout the processes of site selection, construction, and production. Additionally, we promote water conservation awareness among employees, integrating sustainable water management into our daily operations.
- *Waste Management:* We place emphasis on the disposal and recycling of waste generated in the production process. We have formulated internal policies to regulate waste management and adopt strict classification and control measures to ensure efficient and compliant waste disposal. To maximize resource utilization, we recycle general waste, repurposing it for production or selling it externally to realize the value. Hazardous waste is managed under a standardized process, following a “classified collection + classified storage + classified disposal” model to prevent environmental risks such as toxic gas emissions or explosions. Additionally, we recycle certain types of hazardous waste for production, further enhancing resource efficiency. We have adopted mature technologies such as mechanical vapor recompression, exhaust gas collection, absorption towers, membrane separation and dust removal systems to treat waste gas and industrial wastewater. Emergency systems, including emergency pools, drainage channels, and rain-sewage diversion, are installed throughout the production system to actively and effectively manage pollution risks. These technologies have been fully implemented across all production bases.

Social responsibilities

Employee caring initiatives

We are committed to upholding human rights and fostering a fair, inclusive, and respectful workplace. Across our operations, we conduct human rights risk assessments, advocate against discrimination and harassment, promote gender equality, and respect diverse cultural and religious beliefs. We ensure equal pay for equal work and uphold employees’ freedom of association, creating an environment where all individuals are valued and protected.

To safeguard employees’ rights and well-being, we prioritize talent development, encourage local employment, and implement measures to reduce turnover. We invest in professional training programs, enhance employee skills, and establish incentive policies to improve job satisfaction.

We maintain a strict stance against modern slavery and forced labor, ensuring that all work is conducted voluntarily. Our Management Procedures for Preventing Forced Labor prohibits servitude in any form. Similarly, we strictly enforce our Remedial Procedures for Child Labor and Underage Workers,

BUSINESS

carefully verifying job applicants' ages and taking corrective measures where necessary. We also monitor our suppliers and subcontractors to prevent the use of child labor in our supply chain. We uphold anti-discrimination and anti-harassment policies through dedicated management procedures, strictly complying with labor laws and regulations. We are committed to ensuring that all employees are treated fairly during recruitment and throughout their tenure. Our policies promote workplace diversity by prohibiting discrimination on race, religion, nationality, gender, age, sexual orientation, marital status, disability, or political affiliation.

The following table sets forth the number of full-time employees by gender as of the dates indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Male	7,456	10,345	13,244	14,395
Female	2,684	3,183	3,197	3,282

The following table sets forth the number of full-time employees by age groups as of the dates indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Age < 30	3,822	5,702	7,711	8,144
Age 30-50	6,013	7,446	8,309	9,100
Age > 50	305	380	421	433

Social charitable efforts

We actively engage in social welfare initiatives, contributing to rural revitalization, education, and community development. In 2024, our total charitable expenses exceeded RMB1.8 million, reflecting our commitment to social responsibility. We have undertaken numerous philanthropic initiatives.

From November to December 2023, the CNGR Public Welfare Foundation launched the “Light up the Bookstore” initiative across Hunan, Guizhou, Guangxi, and other regions in China. Through this program, we donated educational aid materials in value of approximately RMB1.0 million in 2023 and RMB0.3 million in 2024, including OLED eye-protection desk lamps and popular science books, to hundreds of students from low-income households in Gantang Town, Dalong Economic & Technological Development Zone, and Qinzhou Port. Additionally, we established small rural bookstores to create a healthier learning environment and inspire students' educational aspirations. Over the next two years, we aim to expand this initiative to benefit 2,000 students in central and western China. Before the Teachers' Day in 2024, we donated RMB0.5 million to the Guizhou Provincial Education Development Foundation to recognize outstanding teachers and students and to promote the development of local education.

Business Integrity

We are firmly committed to combating corruption, bribery, extortion, fraud, and money laundering. We comply with relevant laws and regulations including the People's Republic of China Anti-Unfair Competition Law and the People's Republic of China Anti-Money Laundering Law. We have implemented a series of strict internal measures regarding business integrity to prevent corruption, including the Anti-Corruption, Anti-Money Laundering and Anti-Bribery Management System, Employee Integrity

BUSINESS

Management System and Franchisee Integrity Management System. In addition, we make known our internal integrity policies to our suppliers and other partners, and require our suppliers to sign integrity agreements in which they make written commitment to comply with our anti-corruption and anti-bribery requirements. We also carry out anti-corruption training activities for employees, including Directors, to strengthen employees' awareness of integrity. We maintain a zero-tolerance policy toward corruption and fraud. Any individual found engaging in such misconduct will be subject to strict disciplinary action and referred to the appropriate authorities. Our internal policies set clear expectations, including prohibitions on offering or accepting improper benefits to influence counterparties, as well as gaining advantages through charitable donations or sponsorships. We also established relevant whistle-blowing mechanism through various channels to enable anonymous reporting of non-compliance of such policies. We also established our anti-money laundry policies and implementation rules to assess and mitigate risk in relation to money-laundry.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material instances related to fraud, bribery or other misconduct committed by employees, franchisees, suppliers and other third parties.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, process and transfer of various types of data may come under increased administrative scrutiny. See "Risk Factors — Risks Relating to Our Industry and Business — Our operations rely on complex information technology systems and networks, and our business and reputation may be impacted by information technology system failures, network disruptions or cybersecurity breaches" and "Risk Factors — Risks Relating to Our Industry and Business — Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations."

We collect and store business data and transaction data generated during or in connection with our business operations, such as data related to our business and transactions with our customers, suppliers and other relevant parties. We generally do not collect or process individual customers' personal information since our customers are brand companies rather than individuals.

We have established a comprehensive data compliance system that consists of organizational structure and internal policies. Specifically, we have established our Information Security Management Handbook and have set up a series of internal procedures and policies in relation to network, information equipment and system, and we also obtained GB/22080-2016 /ISO/IEC 27001:2013 certification for the relevant information security management system. Our policies and procedures ensure that we have a comprehensive set of protocols covering the prevention of data breaches, immediate action and response in case of data incidents and post-incident assessment and analysis. In addition, we regularly conduct trial runs of data security incidents to test our data protection mechanism and provide various data security trainings to our employees (including trainings during their on-boarding process) to ensure that our employees are well aware of our data security policies and their responsibilities in terms of data protection. We also provide training and education to the personnel in relation to information security so as to promote their awareness of data security management and improve their job skills.

Our information technology department is responsible for developing and implementing our policies and procedures relating to cybersecurity and data security.

During the Track Record Period, we had complied with relevant laws and regulations in the PRC related to cybersecurity and data protection in material aspects.

BUSINESS

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. We have developed or employ various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth.

Our key information technology systems are set forth below:

- **Enterprise Resource Planning (ERP):** Our ERP is an integrated system, encompassing functions such as accounting and supply chain aims to establish an SAP-based digital operations foundation tailored to the needs of the new energy materials industry. It empowers our R&D, production, operations, and internationalization processes, supporting our sustainable and high-quality development.
- **Batch Data Management System (BDMS) :** Our BDMS is a system encompassing functions such as production data collection and archiving, recording manufacturing operation in an electronic manner, and batch quality traceability. It improves the efficiency and accuracy of our manufacturing business.
- **Office Automation (OA) system:** Our OA system provides an internal online platform for paperless information sharing and dissemination, and collaborative administration work such as internal approval process.

INSURANCE

We maintain insurance policies to cover product transport liability and employer liability. In addition, we have purchased a number of property-related insurance policies covering our facilities, machinery, equipment, inventories and other assets. We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries in which we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to our Industry and Business — Our insurance coverage may not cover all losses related to our operational risks” for details.

During the Track Record Period, we had not made, and were not the subject of, any insurance claims which are material to our business or financial condition.

PROPERTIES

As of June 30, 2025, we operated our business through owned properties, land use rights and leased properties in China, Indonesia, South Korea, Japan and Germany. We primarily use our owned and leased properties as our production centers and office premises.

As of June 30, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this Prospectus. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

BUSINESS

Land use rights and owned properties

As of June 30, 2025, we owned land use rights for 80 parcels of land in China with a gross floor area of approximately 4.5 million sq.m. As of June 30, 2025, we owned properties with a gross floor area of approximately 6.8 million sq.m. in China, Indonesia and South Korea. We mainly use these properties as our production bases and office premises.

Among those properties, as of June 30, 2025, we owned a total of 134 properties with area of over 1,000 sq.m. used for production and operation in mainland China, with an aggregate area of approximately 1.55 million sq.m.. Among them, we have obtained property ownership certificates for 102 of them, while we have completed the completion acceptance process for the remaining 32 properties, pending the issuance of property ownership certificates.

Leased properties

As of June 30, 2025, we leased properties with a gross floor area of over 9,000 sq.m. in China, Indonesia, South Korea, Japan and Germany, mainly as our production bases and office premises. According to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within a prescribed time period. As of the Latest Practicable Date, with respect to one major leased property in China used as an office, we had not filed the lease agreement. As advised by our PRC Legal Adviser, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect our operations.

EMPLOYEES

As of June 30, 2025, we had 17,677 full-time employees, with approximately 42.8% of our employees located in China. The following table sets forth a breakdown of our full-time employees by function as of June 30, 2025.

Function	As of June 30, 2025	
	Number	%
Production	12,085	68.4%
Sales and marketing	133	0.8%
Research and development	1,981	11.2%
Finance	235	1.3%
Administration	3,243	18.4%
Total	<u>17,677</u>	<u>100.0%</u>

We provide our employees with certain benefits including social insurance coverage and retirement benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees' compensation is determined with reference to their job positions, technical skills, job performance and competition.

We have various employee training programs that aim to enhance our employees' technical skills and R&D capability. Our employee training system is centered around three pillars, namely our operational system, our class system and our instructor system. Our operational system governs the design and implementation of our training policies; our class system decides our training content, and our instructor system makes sure that we have the right instructors who can properly train and inspire our employees.

None of our employees are represented by collective bargaining agreements. We believe that we have good employment relationships with our employees. During the Track Record Period, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

BUSINESS

Social insurance and housing provident funds

According to the relevant PRC laws and regulations, we are required to make contributions to the social insurance fund and housing provident fund for the benefit of our employees in China. During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and Regulations. Such non-compliance was primarily due to (i) the implementation or interpretation of the PRC laws and regulations by local authorities varies, and (ii) in some cases, certain employees voluntarily made the decision not to make such contributions in full in lieu of receiving more cash payments.

We estimate that the aggregate shortfall of social insurance and housing provident fund contributions in 2022, 2023 and 2024 and the six months ended June 30, 2025 amounted to approximately RMB20.8 million, RMB26.9 million, RMB31.8 million and RMB20.5 million, respectively, which was less than 0.1% of our total revenue during respective period. As advised by our PRC Legal Adviser, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the shortfall contributions within a prescribed time limit and may be subject to an overdue fine of 0.05% of the delayed payment per day from the date on which the payment is payable, pursuant to the relevant PRC laws and regulations. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. In such case, the maximum potential penalty for our shortfall of social insurance contributions during the Track Record Period is estimated to be approximately RMB282.1 million. Moreover, if we fail to pay the full amount of housing provident funds as required, the competent authority may order us to pay the shortfall within a prescribed time limit. If the relevant authorities order us to pay the shortfall of social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or take such rectification measures promptly within the specified period to avoid such penalties for overdue payment.

However, according to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Effectively Implementing the Essence of the Executive Meeting of the State Council and the Measures on the Stable Collection of Social Insurance Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》(人社廳函[2018]246號)) which was promulgated on September 21, 2018, local governmental authorities are prohibited from centralized collecting of historical unpaid social insurance premiums without authorization.

Based on inquiries with the competent government authorities that oversee the vast majority of our employees, they have not received any employee complaint regarding social insurance, and they will not proactively initiate a centralized recovery for shortfall of the social insurance contributions regarding all employees of the Company in the absence of large-scale complaints or reports. During the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material or large-scale complaint filed by any of our employees regarding the social insurance and housing provident fund. As advised by our PRC Legal Adviser, provided that there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund, and no major employee complaints, reports or related lawsuits/arbitrations are filed, we and our major subsidiaries in PRC face a remote risk of being subject to centralized collection of underpaid contributions or significant administrative penalties for above issues by the authorities overseeing social insurance and housing provident fund.

Furthermore, on July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the “**New Judicial Interpretation**”), which took effect on September 1, 2025. Pursuant to the Article 19(1) of the New Judicial Interpretation, if

BUSINESS

an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with the PRC Labor Contract Law, the court shall support such claims. See “Regulatory Overview — Laws and regulations on employment and social welfare — Insurance” for details.

As advised by our PRC Legal Adviser, the New Judicial Interpretation is not expected to have a material adverse effect on our financial condition and business based on that (i) the New Judicial Interpretation is not expected to increase the afore-mentioned estimated maximum potential penalty for the Company’s shortfall of social insurance contributions during the Track Record Period, as the shortfall resulting from the employees’ elections or mutual agreements have already been accounted for such calculation, and (ii) the Company undertakes that, in case that the Company is required by the competent authorities to make correction or payment within a prescribed time limit, or pay the shortfall of the social insurance, the Company will actively take relevant rectification measures and make the payments as required.

Remedial and Internal Control Measures

We have proactively maintained communication with local government authorities in relation to the implementation and interpretation of the relevant PRC laws and regulations. We will continue to seek and follow their guidances in relation to matters regarding social insurance and housing provident fund.

We have reviewed our practice and internal control measures and adopted or plan to adopt remedial measures, including:

- We have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund;
- We will keep abreast of the latest developments in PRC laws and regulations in relation to social insurance and housing provident funds;
- We will consult our PRC counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and
- We will provide trainings to our employees in relation to PRC laws and regulations on the social insurance and housing provident funds to improve their legal awareness.

We will make efforts to rectify such non-compliance by making full contribution of social insurance and housing provident funds for our employees by 2026, subject to any changes in applicable laws, regulations, or requirements of the competent authorities. We will actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing fund.

We will make contributions for our employees in a manner as required as soon as practicable once we receive the notification from the relevant government authorities, if any, to require us to make contribution for the shortfall of social insurance and housing provident funds contribution or to amend our policies or practice in this regard to avoid receiving administrative punishment from the relevant government authorities for the failure of making the contributions in time.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry in which we operate. See “Risk Factors” for a discussion of these risks.

BUSINESS

The Board of Directors and our senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect us and to manage risks to be within our risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Risk management and internal control policies

We have implemented or will adopt upon the Listing a number of policies and measures to manage our risks and set up proper internal controls. These policies cover areas such as (i) the duties and roles of the Directors, the Board and our senior management; (ii) social and environmental matters, including policies on diversity; (iii) financial reporting; (iv) whistleblowing; (v) prevention of market misconduct and (vi) compliance with the Listing Rules.

Under our risk management and internal control policies, the Board oversees risk management and internal control systems on an ongoing basis and reviews the effectiveness of these systems.

In 2025, we engaged an independent consulting firm to perform a review over our internal control. The key areas of inspection include financial reporting and disclosure, research and development management, management policies over sales, trade receivables and payables management, production safety control, inventory management, intangible assets management, human resource and remuneration management, capital management, tax management, insurance management, contract control and information technology control.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

The table below sets forth our key licenses and permits. As of the Latest Practicable Date, the following licenses and permits were all valid.

<u>Entity</u>	<u>Name of the License</u>	<u>Issuing Authority</u>	<u>Expiry Date</u>
The Company	Pollutant Discharge Permit	Tongren Ecological Environment Bureau	December 1, 2029
	Hazardous Chemicals Operation License	Tongren Emergency Management Bureau	January 9, 2026

BUSINESS

Entity	Name of the License	Issuing Authority	Expiry Date
Guizhou Zhongwei Resources Recycling	Work Safety License	Guizhou Emergency Management Department	May 6, 2028
	Hazardous Chemicals Operation License	Tongren Emergency Management Bureau	June 24, 2026
	Hazardous Chemicals Registration Certificate	Guizhou Hazardous Chemicals Registration Office, Emergency Management Department Chemicals Registration Center	February 16, 2028
	Hazardous Waste Operating Permit	Guizhou Ecological Environment Department	January 18, 2029
	Pollutant Discharge Permit	Tongren Ecological Environment Bureau	October 29, 2029
Hunan Zhongwei Zhengyuan	Hazardous Chemicals Operation License	Ningxiang Emergency Management Bureau	June 5, 2026
	Hazardous Chemicals Registration Certificate	Hunan Hazardous Chemicals Registration Office, Emergency Management Department Chemicals Registration Center	October 21, 2027
Hunan Zhongwei New Energy	Pollutant Discharge Permit	Changsha Ecological Environment Bureau	April 18, 2028
Guangxi Zhongwei New Energy	Hazardous Chemicals Operation License	Emergency Management Bureau of China (Guangxi) Free Trade Test Area Qinzhou Port Area	October 15, 2027
	Pollutant Discharge Permit	Qinzhou Ecological Environment Bureau	August 14, 2029
Guizhou Zhongwei Xinyang Mining Co., Ltd. (貴州中偉興陽礦業有限公司)	Mining Permit	Guizhou Natural Resources Department	December, 2034
Guangxi CNGR Zhengyuan Trading Co., Ltd. (廣西中偉正源貿易有限公司)	Hazardous Chemicals Operation License	Emergency Management Bureau of China (Guangxi) Free Trade Test Area Qinzhou Port Area	December 6, 2025
Guizhou Zhongwei Xinyang Energy Storage Technology Company Limited (貴州中偉興陽儲能科技有限公司)	Pollutant Discharge Permit	Guiyang Ecological Environment Bureau	October 16, 2029
	Hazardous Chemicals Operation License	Kaiyang Emergency Management Bureau	March 21, 2026

BUSINESS

Entity	Name of the License	Issuing Authority	Expiry Date
Changsha Zhongwei Chuangyuan Trading Co., Ltd. (長沙中偉創源貿易有限公司)	Hazardous Chemicals Operation License	Changsha Emergency Management Bureau	December 7, 2025

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any accidents, fatalities, occupational safety and hazard issues and/or labor disputes related to our operations, nor our mineral resources, which could have a material and adverse effect on our financial condition or results of operations. During the same period, we did not provide or procure products or services to or from sanctioned countries/regions or customers/suppliers.

Insolvency of Delong Nickel

Background

In 2023, we, through our subsidiaries, and the platform for our employee stock ownership plan (“**ESOP platform**”), acquired 60% and 7% equity interests, respectively, in PT Nadesico Nickel Industry (“**NNI**”) from Jiangsu Delong Nickel Industry Co., Ltd. (“**Delong Nickel**”) and its affiliate. Delong Nickel, a manufacturer of nickel products and stainless steel, retained the remaining 33% equity interest, making it a minority shareholder in NNI. NNI currently operates our North Morowali production base.

Under the terms of the transaction agreements, Delong Nickel:

- (i) agreed to construct the North Morowali production base for a fixed price of US\$960 million, with any cost overruns to be absorbed by Delong Nickel; and
- (ii) guaranteed that the production base would reach full production capacity by December 2023. Should this goal not be met, Delong Nickel committed to indemnifying us for any shortfall in returns resulting from the expected production of nickel products.

In connection with the acquisition, Delong Nickel also has several ancillary obligations to NNI and to us as NNI’s shareholder, including providing shareholder loans to fund NNI’s operations and offering a shareholder guarantee for NNI’s loans. Additionally, NNI advanced tax on behalf of Delong Nickel.

The construction of our North Morowali production base has been completed but was delayed compared to the original plan. As of July 31, 2024, being the date immediately before the date of the court’s ruling on reorganization of Delong Nickel, NNI had incurred approximately US\$1.1 billion in construction costs and was expected to incur an additional US\$127.6 million, exceeding the fixed price agreed with Delong Nickel. The delay also triggered Delong Nickel’s indemnity obligations related to the shortfall in

BUSINESS

expected nickel production returns, which amounted to US\$82.0 million as of July 31, 2024. Additionally, NNI advanced approximately RMB66.3 million in taxes on behalf of Delong Nickel and its affiliate in connection with their transfer of NNI shares. Furthermore, we had several outstanding claims related to Delong Nickel's ancillary obligations.

Delong Nickel's financial condition has been deteriorating and in August 2024, a consolidated insolvency proceeding was initiated against Delong Nickel, which remains ongoing as of the Latest Practicable Date. We are unable to assure how much of the outstanding claims can be recover, if at all. Based on the analysis below, we are of the view that the insolvency of Delong Nickel, even if we are not able to collect on the claims in full, does not have a material and adverse effect on the business operations and financial condition of us.

Our claims in the insolvency proceeding

As of the Latest Practicable Date,

- production shortfall indemnity in the aggregate amount of RMB585.2 million had been accepted by the administrator, which was subject to ruling by the court. Construction cost overruns in the aggregate amount of RMB430.5 million has been accepted by the administrators which were subject to ruling by the court, with the RMB137.3 million in construction cost overruns pending recognition; and
- advanced tax, credit enhancement fees and breach penalty in the aggregate amount of RMB213.8 million has been accepted by the administrator and ruled in favor of us by the court, with the remaining RMB8.8 million (part of the credit enhancement fees) unaccepted.

Impact on our business operations

Based on the analysis below, we are of the view that Delong Nickel's insolvency has not and will not have a material adverse impact on the business or operations of us.

We control NNI, and Delong Nickel, as a minority shareholder of NNI, does not hold any special rights at the board level, in management, or in day-to-day operations. Other than the unfulfilled obligations discussed herein, Delong Nickel has met all its funding obligations to NNI. Furthermore, the capital expenditure phase of NNI has largely been completed, and we have sufficient financial resources to support NNI's operations. In addition, NNI's articles of association only require two-thirds of outstanding votes for ordinary corporate matters. We controlled 60% of the shareholdings, combined with the 7% held by the ESOP platform, which exceeds this threshold. Delong Nickel's shareholding in NNI will be treated as an asset in its insolvency proceedings. Pursuant to the share transfer agreement entered into between, among others, Delong Nickel and us, our prior consent is required for transfer of shares held by Delong Nickel in NNI. While the insolvency proceeding might trump this right and other parties might acquire Delong Nickel's shareholding in NNI, due to the corporate governance mechanisms mentioned above, the new shareholder will not have any extra power as compared with Delong Nickel that could affect the business and operations of NNI.

Impact on our financial condition

Based on the analysis below, we are of the view Delong Nickel's insolvency has not and will not result in any material adverse impact on its financial condition, considering our scale of business.

We recognized the advanced tax in the amount of RMB66.3 million as other receivables at the time of the advancement. We recognized impairment on such other receivables in accordance with our impairment policies as the receivables aged, and as of December 31, 2024, the carrying amount of such receivables was

BUSINESS

RMB52.4 million. No other claims or liabilities related to Delong Nickel have been recognized. If Delong Nickel is unable to fulfill its obligations, we may be required to write off part or all of the other receivables in the amount of RMB66.3 million. The potential write-off and loss represent an immaterial portion of our overall financial position.

Additionally, if Delong Nickel is unable to meet its obligations, we may have to cover the construction overruns, which was expected to be US\$127.6 million, that were originally borne by Delong Nickel. However, we believe our financial resources and operational stability is sufficient to absorb such impact without significant disruption.

Furthermore, we may not be able to receive any indemnity for the shortfall in returns from the expected production of nickel products. As this does not result in any liabilities on us, the inability to claim the indemnity will result in lower-than-budgeted investment return but will not result in a material and adverse effect on our results of operations or financial condition.

INTRA-GROUP TRANSACTIONS

In our ordinary course of business, we conduct certain intra-group transactions among our entities in different jurisdictions. In particular, we have major subsidiaries in mainland China, Hong Kong and Indonesia during the Track Record Period. The table below sets forth the amount of our intra-group transactions and arrangements for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>(in RMB millions)</i>			<i>(unaudited)</i>	
Raw materials sales	32,543	35,538	28,003	11,735	15,310
Finished products sales (cross border)	4,664	3,403	5,820	2,556	3,673
Finished products sales (within mainland China)	9,231	13,358	11,567	5,890	6,752

Types of Intra-Group Transactions

During the Track Record Period, we had three major types of intra-group transactions:

Raw materials sales

Overseas manufacturing entities→overseas trading entities (primarily Hong Kong)→mainland China trading entities→mainland China manufacturing entities

Finished products sales (cross border)

Mainland China manufacturing entities→mainland China trading entities→overseas trading entities (primarily Hong Kong)→overseas customers

Finished products sales (within mainland China)

Mainland China manufacturing entities→mainland China trading entities→mainland China customers

Risk Analysis of Our Intra-Group Transactions

We have engaged independent transfer pricing consultants to conduct reviews of our key intra-group transactions during the Track Record Period, with a focus on material and recurring transactions. The

BUSINESS

consultants reviewed information provided by us, including financial figures and activities performed by relevant group entities, and performed benchmark studies. The consultants assessed the reasonableness of the relevant transfer pricing transactions and arrangements by applying appropriate transfer pricing methods primarily using the interquartile range approach. The objective was to evaluate whether the relevant pricing of intra-group transactions was in line with the arm's length principle and would not give rise to material tax exposure.

Based on the previous assessment conducted by our independent transfer pricing consultants, we believe that during the Track Record Period, our transfer pricing risks resulting from our intra-group transactions were relatively low, and our transfer pricing practice with respect to our intra-group transactions worldwide did not have any material compliance issues.

The independent transfer pricing consultants have reviewed and benchmarked these transactions and found that the operating profit margins of such sales were not lower than the interquartile range based on comparable benchmarks after taking into consideration the relevant functions of the various entities and the jurisdictions in which they were incorporated. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

Based on the above analysis, the Directors are of the view that, during the Track Record Period, the transfer pricing transactions and arrangements were generally consistent with the arm's length principle and our transfer pricing practice did not have any material compliance issues.

Although we cannot assure you that the Mainland China, Hong Kong and other jurisdictions tax authorities will not make any transfer pricing adjustments according to the relevant laws and regulations, the Directors (after consultation with our independent transfer pricing consultant) are of the view that the Group would have reasonable grounds of defense against possible challenges to the Group's transfer pricing arrangements for the Track Record Period.

TARIFF

We have a global operation, with production facilities in China, Indonesia, Morocco and South Korea, while our products are primarily sold in China, South Korea, Singapore, Indonesia and the United States. The production and sales of our products involve moving raw materials and products across borders, which could entail tariff.

BUSINESS

The table below set forth the applicable tariffs on our major raw materials and products during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	As of the Latest Practicable Date
	2022	2023	2024	2025	
China—tariffs for raw materials					
Cobalt intermediates	0%	0%	0%	0%	0%
Nickel matte	0%	0%	0%	0%	0%
Nickel intermediates	0%	0%	0%	0%	0%
Cobalt sulfate	2%	2%	2%	2%	2%
Nickel sulfate	2%	2%	0%	0%	0%
South Korea—tariffs for products from China					
Nickel plate	0.8%	0.8%	0.8%	0.8%	0.8%
Nickel-based pCAM	0%	0%	0%	0%	0%
Cobalt-based pCAM	0%	0%	0%	0%	0%
FP	0%	0%	0%	0%	0%
LFP	0%	0%	0%	0%	0%
Singapore—tariffs for products from China					
Nickel plate	0%	0%	0%	0%	0%
Nickel-based pCAM	0%	0%	0%	0%	0%
Cobalt-based pCAM	0%	0%	0%	0%	0%
FP	0%	0%	0%	0%	0%
LFP	0%	0%	0%	0%	0%
Indonesia—tariffs for products from China					
Nickel plate	0%	0%	0%	0%	0%
Nickel-based pCAM	0%	0%	0%	0%	0%
Cobalt-based pCAM	0%	0%	0%	0%	0%
FP	0%	0%	0%	0%	0%
LFP	0%	0%	0%	0%	0%
United States—tariffs for products from China					
Nickel plate	0%	0%	0%	0%	0%
Nickel-based pCAM	3.7%	3.7%	3.7%	3.7%	3.7%
Cobalt-based pCAM	0.1%	0.1%	0.1%	0.1%	0.1%
FP	3.7%	3.7%	3.7%	3.7%	3.7%
LFP	4.1%	4.1%	4.1%	4.1%	4.1%

Recent Development on Tariff

In March 2025, the president of the United States imposed 20% tariffs on Chinese goods. On April 2, 2025, the president of the United States imposed a 10% across-the-board tariff on all imports from the U.S.'s trading partners, along with additional country-specific tariffs for various countries (the so-called “reciprocal tariffs”, as adjusted from time to time, and, together with the above-mentioned tariffs, the “**Additional US Tariffs**”). On April 9, 2025, it was announced that the reciprocal tariffs would be paused for 90 days for all countries but China. On April 10, 2025, the reciprocal tariffs on China were raised to 125%. The United States and China are engaging in trade discussions, and on May 12, 2025, the United States stated that they would lower the reciprocal tariffs on China to 10% for 90 days, which was extended for another 90 days on August 11, 2025.

BUSINESS

On May 28, 2025, the U.S. Court of International Trade ruled that the Additional US Tariffs exceeded the president's legal authority. The international tariff policies are rapidly evolving, and the final outcome, including whether the Current US Tariffs can be implemented as proposed, is highly uncertain.

Impact of Tariff on our Business

Our Directors believe that the Additional US Tariffs, including the corresponding tariff policies introduced by other countries, assuming they are enforced as proposed, will not have a material and adverse impact on our business, results of operations and expansion plan, on the bases that (i) we make very limited direct exports to the United States, and therefore has insignificant direct exposure to the tariffs imposed by the United States; (ii) downstream customers, who import the end products incorporating our products in the United States, are responsible for the tariffs; (iii) we do not intend to significantly increase our direct sales in the United States; and (iv) we do not source any major raw materials from the United States.

- **We make very limited direct exports to the United States**

In 2024 and the six months ended June 30, 2025, our revenue generated from direct export to the United States accounted for 0.2% and 0.2% of our total revenue, respectively. Only direct export by us into the United States are subject to United States tariffs, including the Additional US Tariffs.

- ***Reasons for limited direct sales to the United States***

Our products are typically sold to cathode manufacturers, who are mostly based in China. In addition, while our largest customer during the Track Record Period is based in the United States, it is a multi-national corporation with a major production facility in China. As a result, we only generated an insignificant portion of revenue from direct export to the United States.

- ***Direct export to the United States***

In 2022, 2023 and 2024 and the six months ended June 30, 2025, our direct sales to the U.S. customers amounted to RMB6.3 million, RMB57.5 million, RMB48.3 million and RMB38.8 million, which only accounted for 0.0%, 0.2%, 0.2% and 0.2% of our total revenue for the respective years. These direct sales represent products delivered by us directly to locations within the United States. In terms of revenue from sales to customers with places of registration in the United States, we recorded RMB5.0 million, RMB57.5 million, RMB1,151.2 million and RMB1,626.2 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, which accounted for 0.0%, 0.2%, 2.9% and 7.6% of our total revenue in the corresponding year. Moreover, we do not set minimum purchase amount in the sales contracts with customers in the United States, and no extension of credit terms will be granted to customers in the United States unless approved by our management.

Given that our revenue contribution from direct sales to the United States is very limited, even if we experience a decrease in our direct sales to the United States as a result of the Additional US Tariffs, it will not result in a material and adverse change in our business and results of operations as a whole.

BUSINESS

- *Applicable tariff on direct export to the United States*

The table below sets forth the applicable tariff on our direct export of major products to the United States as of the Latest Practicable Date:

Nickel plate	0.0%
Nickel-based pCAM	3.7%
Cobalt-based pCAM	0.1%
FP	3.7%
LFP	4.1%

- **Downstream customers who import the end products incorporating our products, are responsible for the tariffs**

As explained above, we rarely export our products directly from China to the United States, and the downstream customers who import the end products into the United States are responsible to pay any tariffs imposed by the United States for importing goods into the United States.

While a tariff on the end product may filter upstream or downstream, none of our current contracts with our customers allow for price adjustment due to tariffs payable by our customers. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse changes in our procurement costs, sales order volume, average selling price, customer payment or logistics arrangements or received any requests to cancel or suspend orders, or delay in settlement and/or default that had a material impact on our business due to the geopolitical tension. While this can change in the future, the factors we discuss here can effectively mitigate the uncertainty.

To the best of our knowledge and according to Frost & Sullivan, as of the Latest Practicable Date, the majority of our downstream customers do not mainly sell their products to the United States since the wide variety of end-products incorporating our products are sold across the globe. As such, even if a tariff-driven price adjustment mechanism is agreed upon by us and our customers, only a limited portion of our sales will be impacted even if the proportion of products being imported into the United States from China by our customers remains at the level in 2024.

EXPORT CONTROL

On October 9, 2025, the Ministry of Commerce and the General Administration of Customs jointly released several policies (the “**October 9 Policies**”), which impose export control measures on rare earths and other critical materials, such as super-hard materials and certain items related to lithium-ion batteries and artificial graphite anode materials, as well as certain equipment and raw materials for rare earths. Among the October 9 Policies, the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (Ministry of Commerce & General Administration of Customs Announcement [2025] No.58) (《公布對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》(商務部 海關總署公告2025年第58號)) (“**Announcement No.58**”) imposes export control measures on certain items related to lithium batteries. The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced on October 30, 2025 that the implementation of the Announcement No. 58 will be suspended for one year and the PRC government will further consider and refine specific plans during such year. Upon effect and implementation of the Announcement No. 58, specified items including certain cathode materials will become subject to export control. Among the products manufactured and sold by us during the Track Record Period and up to the Latest Practicable Date, part of the nickel-based materials (namely, nickel-cobalt-manganese hydroxide and nickel-cobalt-aluminium hydroxide) (the “**Controlled Nickel-based Materials**”) and part of the phosphorus-based materials (namely, lithium iron phosphate) (“**Controlled Phosphorus-based Materials**”) (collectively, the “**Controlled Items**”) fall within the controlled items

BUSINESS

expressly listed in Announcement No. 58. As advised by the PRC Legal Adviser, we can continue to export the Controlled Items as usual without an export license until the effect and implementation of the Announcement No. 58. However, after the effect and implementation of the Announcement No. 58, any export of Controlled Items shall, on top of existing export procedures, comply with the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) and the Control List for the Export of Dual-Use Items and Technologies of the People's Republic of China (《中華人民共和國兩用物項出口管制條例》). According to the issued Announcement No. 58, there is no transitional arrangement after its effectiveness. We shall submit a written application for obtaining the "Dual-Use Items and Technologies Export License" to the Ministry of Commerce, which shall contain the end-use certificates with the end-user information, such as their identities and purpose for procurements of relevant product. The application is subject to review and approval by the competent authorities, and we need to submit the export license to customs when going through export declaration procedures after the effect of Announcement No. 58. Following the discussions with the PRC Legal Adviser, as well as a review of applicable laws and regulations and to the best of our knowledge, we do not foresee substantive legal or operational obstacles for obtaining the export license provided that the application materials comply with regulatory requirements.

Based on the followings, after discussion with the PRC Legal Adviser, our Directors are of the view that the implementation of Announcement No. 58 is not expected to have material adverse effect on our business, results of operations and financial condition:

- (i) Apart from the Controlled Items, none of our other products falls within the scope of October 9 Policies. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the revenue generated from exports of Controlled Nickel-based Materials amounted to approximately RMB4.8 billion, RMB5.6 billion, RMB2.7 billion and RMB0.6 billion, respectively, accounting for approximately 16%, 16%, 7% and 3% of our total revenue in the corresponding period. In the first half of 2025, we conducted trial production and customer verification process for the Controlled Phosphorus-based Materials, with revenue of around RMB0.1 million generated from export of such materials in the six months ended June 30, 2025. The decrease in revenue from export of Controlled Nickel-based Materials as a percentage of our total revenue from 16% in 2023 to 7% in 2024 and further to 3% in the six months ended June 30, 2025, primarily due to (i) the decrease in export of Controlled Nickel-based Materials primarily attributable to the gradual adoption of LFP batteries in mass market EV in overseas markets, and (ii) the overall decrease in revenue contribution from sales of nickel-based materials attributable to the significant increase in revenue from sales of new energy metal products since 2023. We expect that the revenue contribution from the export of the Controlled Nickel-based Materials will continue to decrease for the year ending December 31, 2025, as compared with that in the year ended December 31, 2024;
- (ii) According to consultations conducted by us with the commerce authorities of China, we shall take normal procedures to obtain export licenses for the Controlled Items, and we could proceed the export as normal after obtaining the required export licenses; and
- (iii) To mitigate the impact of Announcement No. 58, we have taken or plan to take the following measures:
 - (a) As of the Latest Practicable Date, our production lines for Controlled Nickel-based Materials in Morocco and Indonesia have been completed and possess the corresponding production capacity. In the most adverse circumstances, they can be sold by our overseas subsidiaries and are able to serve as effective supplements to, or substitutes for, exports of Controlled Nickel-based Materials from China;

BUSINESS

- (b) We have prioritized the production and shipment of Controlled Items requiring export, and has coordinated domestic sales orders to give priority to fulfilling overseas customer demands. We plan to complete the delivery of existing export orders before the effect and implementation of the Announcement No. 58;
- (c) We have initiated preparations for the relevant license application and maintain close communication with the commerce authorities of Hunan and Guizhou provinces. As of the Latest Practicable Date, we had almost finished the preparation of application materials. We plan to submit export license application to the commerce authorities in time before the effect and implementation of the Announcement No. 58. According to the relevant laws and regulations and as advised by the PRC Legal Adviser, the competent authorities are expected to revert the review results and, if the application passes the review, issue the export license within 45 working days after receiving the application; and
- (d) We plan to update our Export-Control Compliance Guidelines and other internal policies in line with Announcement No. 58 and applicable laws. Sales contracts with overseas customers will be amended so that obtaining the relevant export license is a condition precedent, to ensure the compliance with relevant laws and regulations.

We will closely monitor the progress and implementation of Announcement No. 58 and continuously assess its impact. We will adjust those measures as necessary in time to ensure the compliance.

Save as disclosed above, the Directors are not aware of any other trade restrictions that would prohibit the export of our products to the United States or the sale of our products to U.S. companies within China under the laws and regulations of China and U.S., based on the following considerations: (i) following the discussion with our PRC Legal Adviser, save for the Controlled Items under Announcement No. 58 as disclosed above, we believe that our other products are not subject to the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) nor to the Control List for the Export of Dual-Use Items and Technologies of the People's Republic of China (《中華人民共和國兩用物項出口管制條例》), (ii) during the Track Record Period, none of our overseas customers, including those with place of registrations in the U.S. were listed on the Unreliable Entity List (《出口管制管控名單》) published by the Ministry of Commerce of the People's Republic of China, (iii) to the best knowledge of us, our customers in U.S. or China do not need to obtain licence under the U.S. Export Administration Regulation ("EAR") to procure or import products from us, and (iv) we have a historical record of exporting products to the U.S. without encountering relevant restrictions during the Track Record Period and up to the Latest Practicable Date. We will continue to closely monitor any developments in applicable laws and regulations concerning trade restrictions that may affect the export of our products to the U.S. or the sale of our products to U.S. companies in China. Where appropriate, we will seek advice and assistance from external experts to ensure continued compliance with all relevant legal requirements.

Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that contradicted the Directors' view on the trading restrictions that would prohibit the export of the Group's products to the United States or the sale of the Group's products to U.S. companies within China, or impact of the Additional US Tariffs on the Group's business in any material respects.

Changing industry landscape

The Additional US Tariffs have had a significant impact on the global industry landscape of new energy battery materials. On one hand, affected by these tariff measures, China's exports of new energy battery materials to the U.S. are expected to decline substantially, placing pressure on related enterprises in terms of rising export costs, order transfers, and shrinking market share. Meanwhile, the U.S. is accelerating the development of domestic production capacity and that of its allied countries in the battery materials sector. Enterprises in regions such as South Korea, Japan and Indonesia, which benefit from geopolitical advantages, are expected to receive more orders and policy support, thereby enhancing their

BUSINESS

competitiveness in the global market. On the other hand, some leading Chinese enterprises with overseas production capacity can mitigate trade barriers through localized manufacturing in non-tariff-sensitive regions, thus maintaining strong adaptability and market share amid the ongoing restructuring of the global supply chain. Overall, the Additional US Tariffs is expected to drive the global new energy battery materials industry to shift from a cost-efficiency-driven model to one increasingly shaped by geopolitical security considerations, resulting in greater regionalization and alliance-based development. Enterprises is expected to dynamically adjust their global strategies and trade arrangements to navigate an increasingly uncertain policy environment. However, according to the Frost & Sullivan, the impact of geopolitical tensions on both downstream and adjacent industries and customers remains relatively limited. While geopolitical uncertainties have raised concerns regarding supply security and potential cost fluctuations, the majority of global new energy battery materials supply chains continue to operate without major disruption. Key downstream sectors, including EV, ESS, and consumer electronics, have largely maintained growing production and procurement strategies, supported by diversified sourcing channels and long-term supply agreements. Although geopolitical tensions may heighten the risk of future volatility and could marginally increase transaction costs and, their current effect on production costs and end-market demand has not been significant. Furthermore, the strong momentum of global EV and renewable energy markets continues to drive steady demand. In this context, downstream enterprises are closely monitoring policy developments, but most adjustments have been precautionary rather than transformative. Overall, while geopolitical factors represent potential risks, their immediate influence on value chain and related industries remains moderate and manageable.

BUSINESS

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognitions we have received.

<u>Year of award</u>	<u>Awards and Recognition</u>	<u>Issuing Authority</u>
2019	National-level Ecological Civilization Construction Special Demonstration Unit (國家級生態文明建設專項示範單位)	National Development and Reform Commission of the PRC
2019	National Green Factory (國家綠色工廠)	Ministry of Industry and Information Technology of the PRC
2020	National Recognized Enterprise Technology Center (國家認定企業技術中心)	National Development and Reform Commission, Ministry of Science and Technology of the PRC, Ministry of Finance of the PRC, General Administration of Customs and State Administration of Taxation of the PRC
2021	2021 Global Top 500 New Energy Enterprises (2021全球新能源企業500強)	China Energy News
2021	2021 Hurun China 500 (2021胡潤中國500強)	Hurun China
2022	China Top 500 Manufacturing Enterprises (中國製造業企業500強)	China Enterprise Confederation and China Entrepreneurs Association
2022	National Technological Innovation Demonstration Enterprise (2022 年國家技術創新示範企業)	Ministry of Industry and Information Technology of the PRC
2022	Industrial Green Design Demonstration Enterprise (工業綠色設計示範企業)	Ministry of Industry and Information Technology of the PRC
2022	National Intellectual Property Advantage Enterprise (國家智慧財產權優勢企業)	National Intellectual Property Administration of the PRC
2023	Green and Sustainable Development Contribution Award (綠色可持續發展貢獻獎)	2023 International Green Zero-Carbon Festival
2023	Top 500 Listed Companies in China (中國上市公司500強)	Fortune Magazine
2023	Top 500 Companies in China (中國500強)	Fortune Magazine
2023	National Smart Manufacturing Demonstration Factory (國家級智慧製造示範工廠)	Ministry of Industry and Information Technology of the PRC
2024	Listed on China ESG Influence Ranking (中國ESG影響力榜)	Fortune Magazine
2024	2023 China Green Electricity (Green Certificate) Consumption TOP100 Enterprises (2023年中國綠色電力(綠證)消費 TOP100 企業)	China Electric Power Enterprise Federation, Beijing Power Trading Center, Guangzhou Power Trading Center and National Renewable Energy Information Management Center