
RISK FACTORS

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

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our business is exposed to the supply-demand dynamics in the battery industry, and is affected by market demand for the end products where our new energy battery materials are used.

We primarily provide new energy battery materials for producing cathode of lithium-ion and other advanced batteries used in EV, ESS, consumer electronics, as well as emerging high-potential market such as humanoid robotics, electric vessels and low-altitude aerial vehicles. Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand for EV, ESS and consumer electronics. Robust growth in existing markets, such as EV, ESS and consumer electronics, as well as emerging high-potential markets, is a key driver of demand for our new energy battery materials, which propelled the growth of our business during the Track Record Period. See “Financial Information – Market demand and customer orders.” The downstream demands in those markets are affected by many factors, such as:

- the government policies which influence the development of EV, ESS and new emerging market;
- the penetration rates of AI technologies in applications;
- the development and upgrade of consumer electronics;
- the energy and infrastructure development; and
- the macro-economies which affected the consumption habits of the society.

There is no assurance that the downstream demand for existing markets, such as EV, ESS and consumer electronics, as well as emerging high-potential markets, such as humanoid robotics and low-altitude aerial vehicles will maintain at the same level as we experienced during the Track Record Period or continue to increase in the future. There is no assurance that we will not experience the slowdown in growth in the existing or emerging downstream market in the future. If the downstream demand for EV, ESS, consumer electronics, as well as humanoid robotics and low-altitude aerial vehicles do not increase as we expect, the market demands for our products will decrease correspondingly, which may result in under-utilization of our production capacity, and in turn materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated a large portion of revenue from our battery materials, with nickel-based materials accounting for 81.2%, 63.4%, 40.2%, 44.0% and 35.1% of our total revenue from sales of battery materials in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. We expect that the production and sales of nickel-based materials will continue to contribute to a large percentage of our total revenue from new energy battery materials in the near term. Therefore, the market acceptance of nickel-based materials is critical to our future success. Although we believe that the market for ternary batteries, the major end products of our nickel-based materials, has good growth potential, there is no assurance for its development in the future. In particular, the gradual adoption of LFP

RISK FACTORS

batteries in mass market EV in overseas markets has slowed and may continue to slow the growth rate of installation volumes for ternary batteries in those markets, and directly affected our sales of nickel-based materials in those markets for the period of concerned. This shift in market preference has intensified competition among manufacturers of ternary battery products, which in turn intensified competition among pCAM manufacturers, leading to increased price pressure and heightened competition for market share. As a result, our business and results of operations could be adversely affected if we are unable to effectively respond to such evolving market dynamics and competitive challenges. Any negative changes in the demand for or prices of nickel-based materials could have a material adverse effect on our business, financial condition and results of operations.

Sales of other categories of battery materials, such as cobalt-based materials, phosphorus-based materials and other innovative materials which include sodium-ion batteries were less than those of nickel-based materials during the Track Record Period. There can be no assurance that our diverse product portfolio will achieve broader market acceptance. Any failure to successfully develop, launch and market our new products could jeopardize our ability to recover our investments, which in turn may materially and adversely affect our business, results of operations and financial condition.

The sizes of the markets for our products may be smaller than estimated and new market opportunities may not develop as quickly as we expect, or at all, limiting our ability to successfully sell our products.

The markets for our new energy battery material products are rapidly evolving, making it difficult to predict with accuracy the sizes of the markets for our current and future products. For example, we believe new emerging markets such as humanoid robotics, electric vessels and low-altitude aerial vehicles and the potential growth in relatively developed markets such as EV and ESSs will drive demand for our products. However, our estimates of the annual total addressable market for our current and future products are based on a number of internal and third party estimates and assumptions. Sales of new or existing products into new market opportunities may take several years to develop and mature, and we cannot be certain that these market opportunities will develop as we expect. For example, robotics and low-altitude aerial vehicles may not be adopted by the relevant market as quickly as we expect, or at all, and the development of alternatives to EV in the future. Our assumptions and the data underlying our estimates of the total annual addressable market for our products may not be correct and the conditions supporting our assumptions or estimates, or those underlying the third party data we have used, may change at any time, thereby reducing the accuracy of our estimates.

We are exposed to risks relating to price fluctuations of raw materials.

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, cost of raw materials accounted for 93.8%, 90.2%, 83.8% 85.2% and 77.4% of our total cost of sales, respectively. See “Financial — Principal Components of Results of Operations — Cost of sales.” As such, prices of raw materials have a significant impact on our cost of sales. The current or expected prices of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to the macroeconomy, the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters and other factors. We may not be able to obtain stable, high-quality raw materials at reasonable prices at all times.

Key metals involved in our new energy battery materials are nickel and cobalt. We primarily 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. When sourcing metal raw materials, we use similar pricing benchmarks, but the discount rates differ. The differences in discount rates reflect variations in metal content, and are influenced by changing supply and demand dynamics, which are beyond our control. We also sell new energy metals, mainly nickel products, using LME/MB or SMM/SHFE prices as benchmark.

RISK FACTORS

The global yearly average price of nickel decreased from RMB175,700 per ton in 2022 to RMB120,600 per ton in 2024, and the global yearly average price of cobalt decreased from RMB457,800 per ton in 2022 to RMB193,200 per ton in 2024. Such decrease in raw material prices directly affected the selling prices of our battery material products and our new energy metals.

The profitability of our new energy battery materials is partially influenced by the difference in the discount rates applied to (i) the cost of sourcing metal raw materials, and (ii) the metal price used to price our finished products. Similarly, the profitability of our new energy metal, mainly nickel products, is impacted by the difference in discount rates applied to (i) the cost of sourcing metal ores and (ii) the pricing of our metal products. We cannot assure you that we can always benefit from favorable differences in the discount rates.

In addition, we have taken measures including conducting hedging activities to mitigate the impact of fluctuation in prices of key raw materials. Such measures also include certain inherent risks. See “— We source certain key raw materials from the market, and we may not be able to secure our supply of such materials in a stable, timely and cost-effective manner.” Finally, our profitability depends on our ability to optimize operational efficiency to capture more value. We cannot assure you that our efforts in this regard will always be effective.

We source certain raw materials from the market, and we may not be able to secure our supply of such materials in a stable, timely and cost-effective manner.

Although we have established multiple production facilities in PRC and overseas to produce certain raw materials, such as nickel sulfate, for our major products as part of our vertical integrated operation strategy, we still need to procure certain raw materials, including nickel ores, nickel and cobalt intermediates and auxiliary materials such as sulfuric acid and sodium hydroxide, needed for our products from third parties. Our current suppliers may be unable to satisfy our future requirements of quality and quantity of raw materials on a timely basis. Moreover, the prices of raw materials and components could fluctuate significantly due to circumstances beyond our control. See “— We are exposed to risks relating to price fluctuations of raw materials.” If our current suppliers are unable to satisfy our long-term requirements on a timely basis, we may be required to seek alternative sources for necessary materials, produce the raw materials in-house or redesign our proposed products to manufacture available substitutes at competitive cost. If we fail to do so, it will result in a significant delay in our manufacturing and delivery of our products, which may result in liabilities of damages and damage to our reputation, and will adversely and materially affect our business, results of operations and financial condition.

Certain of our raw materials are commodities such as nickel and cobalt raw materials. The profitability of our products is partially affected by the cost of sourcing these materials relative to the metal prices we use to price our products. This margin is influenced by changing supply and demand dynamics, which are beyond our control. Moreover, as we continue to expand our overseas business, the proportion of foreign currency-denominated transactions has been increasing, exposing us to risks associated with exchange rate fluctuations. Any increase in costs or decrease in revenue due to exchange rate movements may have an adverse impact on our profitability. In response to such risks, during the Track Record Period, we have engaged in hedging transactions for certain raw materials and the exchange rates with a view to mitigate risks associated with fluctuations. While these hedging activities potentially reduce our exposure to changes in commodity prices and exchange rates, the use of such hedging instruments may ultimately limit our ability to benefit from favorable price trends. The successful use of hedging instruments depends on our ability to accurately forecast the direction and extent of market movements within a given time frame. To the extent selling prices remain stable or fluctuate in a direction opposite to our anticipations, we may realize losses on hedging transactions that are not offset by decreases in raw material prices or exchange rates. Furthermore, if we fail to properly monitor and manage our hedging positions, we may be required to deposit and utilize additional funds, which could adversely affect our cash and cash equivalent position. Although we have implemented certain risk control procedures aimed at mitigating risks related to these

RISK FACTORS

hedging transactions, there can be no assurance that these procedures will be effective and adequate. There is no guarantee that we will not experience losses from these hedging transactions in the future, or that such losses will not have a material adverse effect on our business, financial condition, results of operations and prospects. For details, see “Business — Our Supply Chain — Inventory Management — Hedging.”

If we are unable to manage our growth or execute our strategies, such as globalization of customer base or integration of industry value chain effectively, our business and prospects may be materially and adversely affected.

Our business has continued to grow in recent years, so have our business network and number of employees. In addition, as we expand our product portfolio, customer base and international markets, as well as further integrate our industry value chain, we will need to work with a larger number of suppliers and partners efficiently and maintain and expand mutually-beneficial relationships with our existing and new suppliers and partners. We also need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management aspects, refine our reporting systems and procedures, and expand, train and manage our growing employee base. All these efforts will require significant managerial, financial and human resources. We cannot assure you that such efforts will reach our expected outcome. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. In addition, changes and developments taking place in industries that we operate in may also require us to re-evaluate our business model and adopt material changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments may have a materially adverse effect on our business, financial condition and results of operations. Even if we innovate and adapt to these changes and developments, we may nevertheless fail to realize the anticipated benefits of changes adopted to our long-term strategies and business plans or even harm our profitability as a result. See also “— Our overseas expansion strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks.”

We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged.

We expect to further expand our production capacity to meet customers’ increasing demands for our products. See “Business — Production – Expansion Plan.” Such expansion will impose significant responsibilities on our senior management and require significant commitment of our resources, including financial resources and the time needed to identify, recruit, maintain, and integrate additional employees. Our proposed expansion will also expose us to greater overhead and support costs and other risks associated with the manufacture and commercialization of new products as disclosed in this Prospectus. Difficulties in effectively managing the budgeting, financing, forecasting and other process control issues presented by such expansion could negatively affect our business, prospects, results of operations and financial condition.

Such expansion is also required to obtain various approvals, permits, licenses and certificates and complete relevant inspections by competent government authorities. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain relevant approvals, permits, licenses and certificates or complete the inspections for our production expansion projects may materially delay our production expansion or even result in the cancelation of such plans, which may adversely affect our business, financial conditions and results of operations.

RISK FACTORS

However, even if we manage to expand our production capacity as planned, there is no assurance that we may increase our production output in a timely manner or at all as envisaged. Our ability to increase our production output is subject to significant constraints and uncertainties, including but not limited to:

- delays by our suppliers and equipment vendors and cost overruns as a result of a number of factors, many of which may be beyond our control or cannot be foreseen, such as increases in raw material prices and problems with equipment vendors;
- failure to complete or delay in fulfilling the legal procedures required by relevant laws and regulations (including but not limited to obtaining licenses, approvals, filings, registrations) from competent government authorities for construction, overseas investment, foreign investment and production;
- our ability to configure the production lines for specific products in a timely manner;
- the performance of the manufacturing equipment we procured and the production expertise we retained; and
- diversion of significant management attention and other resources.

For example, although our North Morowali production base has reached full production capacity, its construction was delayed and resulted in cost overruns. Our business partner—a minority shareholder in the base—had agreed to indemnify us for these overruns and any shortfall in expected nickel production returns due to the construction delay, however, its recent insolvency may prevent us from recovering any of these indemnities.

Moreover, our product development, manufacturing and testing protocols are complex and require significant technological and production process expertise. Any changes in our processes could cause one or more production errors, requiring a temporary suspension or delay in our production line until the errors can be researched, identified, and properly addressed and rectified, and thus limit our production output. This may occur particularly as we introduce new products, modify our engineering and production techniques, and/or expand our production capacity. In addition, our failure to maintain appropriate quality assurance processes could result in increased product failures, loss of customers, increased warranty reserve, or increased production and logistics costs, and delays.

If we are unable to increase our production output in a timely manner or at all in the end because of any of the risks described above, we may be unable to fulfill customer orders or achieve the growth we expect. In addition, if we are unable to fulfill customer orders, our reputation could be affected, and our customers could source products from other companies. The combination of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may fail to keep up with rapid technological changes and evolving industry standards.

Our industry is characterized by rapid and innovative technological changes. Our future success will depend, in part, on our ability to respond to fast changing technologies, adapt our products to evolving industry standards and improve the performance, functionality and reliability of our products. Our failure to continue to adapt to such changes could harm our business. If we are slow to develop products that are suitable for next generation of battery technologies, or if the products we develop are not widely accepted and used in our customers' products, we may not be able to capture a significant share of the market. In addition, the widespread adoption of new technologies, such as robotics and low-altitude aerial vehicles could require substantial expenditures to develop our new products. If we fail to keep up with rapid and innovative technological changes to remain competitive, our future growth may be materially and adversely affected and our results of operations could be materially and adversely affected.

RISK FACTORS

Moreover, we make consistent investments in R&D. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses were RMB929.2 million, RMB1,055.7 million, RMB1,109.3 million, RMB450.5 million and RMB544.8 million, respectively. See “Financial Information — Results of Operations — Research and Development Expenses.” In order to maintain and expand our competitive advantage, we may devote more resources in R&D in the future. In addition to our in-house R&D capabilities, we also engage in joint R&D collaboration with third parties to jointly develop new technologies and products. See “Business — Research and Development — Collaboration,” and “Business — Research and Development — Our Research and Development.” However, as R&D activities are inherently uncertain, we cannot assure you that our R&D projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will achieve wide market acceptance or enjoy the advantages as we expected. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in our competitive position. Even if such products can be successfully launched, we cannot assure you that they will be accepted by our customers and achieve anticipated sales target or profit.

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

We face competition in our business.

The global new energy battery materials markets are highly competitive, and we expect that such intense competition to continue in the future.

In particular, in recent years, with the rapid development of the EV industry, nickel-based materials, as the key raw material for ternary cathode in EV batteries, has led to the existing ternary precursor manufacturers expanding their production capacity, resulting in increasingly fierce industry competition. Moreover, to capture the rapid growth opportunities and potential of LFP batteries and further expand our product portfolio, we realized commercial production of phosphorus-based materials in 2023. As a new entrant in phosphorus-based materials, we faced intensified competition from other established manufacturers in this field. We may not succeed in competing with those established manufacturers of phosphorus-based materials. As a result, we may not be able to successfully expand our product portfolio or realize the business growth in phosphorus-based materials as we expect. For example, due to the intense competition and over-supply of LFP and LFP pCAM in the market during the Track Record Period, the selling price of our phosphorus-based materials decreased from RMB14,300 per metric ton in 2022 to RMB8,700 per metric ton in 2024, which resulted in negative gross profit for sales of our phosphorus-based materials in 2023 and 2024. See “Financial Information - Principal Components of Results of Operations - Revenue,” and “- Gross Profit and Gross Profit Margin.”

Moreover, the market for nickel products, including nickel intermediates and electrolytic nickel, is experiencing increasing competition as more market participants enter the industry. The entry of new competitors, as well as the expansion of production capacity by existing players, could lead to oversupply, increased price pressure, and intensified competition for customers and raw materials. This could, in turn, adversely impact our market share, sales volumes, and profit margins. If we are unable to compete effectively or adapt to changing market dynamics, our business, results of operations, and financial condition could be materially and adversely affected.

In response to the market competition, our existing competitors may seek to increase their market shares through various measures, such as continued R&D efforts, increased production capacity, optimized production process and active marketing campaigns. Our competitors may have made, or may in the future make, greater investments in research and development activities than we have. Such investments enable them to drive or respond rapidly to fast-changing techniques (such as pyrometallurgical processing) and

RISK FACTORS

technologies (such as advanced materials and centrifugal extraction methods). Our competitors may also seek to increase their market shares through the reduction of price. We expect to face competition from competitors as we expand our business into new business lines, geographic regions and product categories. Competitive pressure could also have an adverse impact on the demand for and pricing of our products, which in turn affects our growth and market share. Even if there is sufficient downstream demand for EV, ESS and consumer electronics battery products, there is no guarantee that we will always succeed in competing with other market players for orders from downstream customers. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition.

Our overseas expansion strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks.

We derive a significant portion of our revenues from our overseas operations. During the Track Record Period, we generated over 30.0% of our revenues outside the PRC. We expect that overseas sales will continue to account for a significant percentage of our revenues. Moreover, we have established production bases in Indonesia and Morocco, and expect to further expand those production bases and further enhance our overseas presence in the future. Accordingly, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with manufacturing and operating in various jurisdictions, any of which could negatively affect our financial performance. These risks include the following:

- lack of familiarity with local operating and market conditions;
- difficulties and costs of staffing and managing overseas operations;
- difficulties of recruiting competent employees locally;
- difficulties in managing relationships with local communities and potential disputes with them;
- potential failure to achieve the expected returns from investing in production bases;
- potential delay in construction plan from third-party service providers;
- trade customer, or local joint venture partner insolvency and the inability to collect accounts receivable;
- labor disputes and work stoppages at our operations and suppliers;
- complex supply chain and shipping logistical challenges;
- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing presence;
- legal, regulatory, political, economic and commercial instability and uncertainty;
- changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;
- changes in foreign trade policies and regulations by local authorities, including those in relation to economic sanctions, export controls, and import restrictions, as well in trade barriers such as unfavorable changes in tariffs or quotas, particularly, in light of navigating the changing relationships between major economies;

RISK FACTORS

- difficulty in coping with possible conflict of laws resulting from sanctions and import/export controls measures of different jurisdictions where we operate;
- changes in foreign country regulatory requirements, including data privacy laws;
- complexities relating to compliance with foreign anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws;
- difficulty in obtaining or enforcing intellectual property rights;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- foreign currency exchange rate fluctuations;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation and/or deflation, and changes in interest rates;
- misconduct by our customers beyond our control, including but not limited to breaching the agreements with them, policies that we require them to adhere to, and laws and regulations of various jurisdictions that are applicable to them; and
- other obstacles and risks related to overseas manufacturing and operations.

We are a China-based enterprise with global presence. We operate in both PRC and various overseas jurisdiction, where economic, regulatory, and governance environments have evolved dynamically in recent decades. Governments in these markets have pursued market-oriented reforms and stronger corporate governance, with policies often tailored to local industry or regional needs. Changes in market conditions or regulations across these regions may impact our business, prospects, results of operations and financial condition. Moreover, if foreign governments implement laws or regulations restricting investment in Chinese entities and we are deemed to be subject to such restrictions, the investment and transactions in our H Shares, our business prospects, results of operations, financial conditions and future capital raising may be adversely affected.

We are subject to various laws and regulations of PRC and other jurisdictions in which we operate and are required to obtain and comply with relevant permits, licenses, certificates, consents and other approvals from administrative authorities. Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have an adverse effect on our operations. We are also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licenses or certificates. There can be no assurance that we will be able to fulfill the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations. There may be delays on the part of relevant administrative bodies in reviewing our applications and granting approvals.

Moreover, in early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariff on certain imports from China. The U.S. tariffs and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. In particular, 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

RISK FACTORS

imposed a 10% across-the-board tariff on all imports from the U.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. We cannot predict the timing, scope, or severity of potential changes in tariffs and trade policies, which may continue to evolve in the future. In 2022, 2023 and 2024, and the six months ended June 30, 2025 our revenue generated from direct sales to U.S. customers amounted to RMB6.3 million, RMB57.5 million, RMB48.3 million, and RMB38.8 million, respectively, accounting for 0.0%, 0.2%, 0.2%, and 0.2% of our total revenue of the corresponding period. In terms of revenue from direct 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. As such, our Directors do not expect the recently implemented tariff changes by the U.S. government would result in a material adverse effect on our business and financial conditions. However, we cannot assure you that our products will not be subject to higher tariffs or trade restrictions in the future. Any future negative changes in the U.S. tariff policies towards China may deter market demands of our products or the end market products in the U.S., and we may face a decrease in revenue or decreased profitability. Additionally, if any changes are implemented faster and/or more strictly than anticipated, we may not be able to respond and mitigate the risks associated effectively and timely. Any of the above could negatively affect our business, results of operations and financial condition.

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 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. Enterprises are expected to dynamically adjust their global strategies and trade arrangements to navigate an increasingly uncertain policy environment. If we fail to effectively deal with the increasing uncertain policy environment mentioned above, our business, results of operations and financial position may be materially and adversely affected.

Some other regions have implemented or are considering tariffs on EV-related products manufactured in the PRC. The European Union increased tariffs on Chinese-built EV to as much as 45.3% in October 2024, in March 2025 the European Union and China have agreed to look into setting minimum prices of Chinese-made EV instead of tariffs imposed by the European Union in 2029. The European Union is also considering various measures to protect its domestic EV industry, potentially including tariffs on Chinese EV. These tariffs and potential measures could significantly impact the demand for Chinese-manufactured EV and related components in international markets. As a result, the demand for our products, some of which are used in the production of EV, could be adversely affected.

We face certain inherent risk in relation to metals trading, and our hedging strategies may fail.

During the Track Record Period, we have engaged in metals trading, which primarily involves nickel, cobalt and copper. However, there are certain inherent risk associated with metals trading. For example, the prices of metals such as nickel, cobalt, copper and other metals are subject to significant volatility driven by factors including changes in global supply and demand, geopolitical instability, and economic conditions. For example, the price of nickel decreased from RMB175,700 per ton in 2022 decreased rapidly to

RISK FACTORS

RMB120,600 per ton in 2024, and further to RMB109,174 per ton in the six months ended June 30, 2025. This price volatility could result in fluctuations in our revenues and profit margins for the metals trading, and we may incur losses if we fail to effectively hedge against price changes or if market prices decline unexpectedly. The Group has determined through qualitative analysis that the ratio of hedging instruments to hedged items is 1:1. As of December 31, 2022, we had liabilities of commodity futures 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 designated as hedging relationships of RMB117.2 million, RMB135.3 million and RMB58.3 million, respectively. Had the Group not applied hedge accounting, the profit of the Group would decrease by RMB73.2 million in 2022 and RMB178.5 million in the six months ended June 30, 2025, increase by RMB489.2 million and RMB34.7 million in 2023 and 2024. See “Business - Our Supply Chain - Hedging.” Moreover, metals trading is subject to regulatory requirements, as changes in environmental laws, export/import restrictions, and compliance requirements may increase operational costs or disrupt trade flows. If we fail to address those inherent risks associated with metals trading, our business, results of operations and financial condition could be materially and adversely affected.

Our business is capital intensive, and the sources of our future financing can be uncertain.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the acquisition of equity interests in mines, purchase of equipment and construction of production facilities. To the extent that we expand or add new production facilities and acquire equity interest in mines, we expect to fund the related financial commitments and other capital and operating expenses from the proceeds from the cash flow from operating activities, banking facilities and the net proceeds from the Global Offering and future equity raisings from the A-share market. However, we cannot assure you that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable and affordable to us or consistent with our expectations. To the extent we cannot obtain financing for our expansion or acquisitions at reasonable costs or at all in the future, our business may be adversely affected. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. If that happens, our business, financial position, results of operations, prospects may be affected.

We may not be successful in our efforts to make acquisitions and successfully integrate newly acquired assets.

We have in the past pursued and may in the future consider opportunities to acquire assets that may strategically complement our integrated operations. We may be unable to realize the expected returns for our past acquisitions and investments, and we may be unable to identify suitable targets, opportunistic or otherwise, for acquisition in the future at acceptable terms or at all. In addition, exploring acquisition opportunities may divert management attention from the core business and organic innovation and growth, which could negatively impact our business, financial condition, results of operations and cash flows. If we identify a suitable acquisition candidate, our ability to successfully implement the acquisition will depend on a variety of factors, including our ability to obtain financing on acceptable terms consistent with any debt agreements existing at that time and our ability to negotiate acceptable price and terms. Historical instability in the financial markets indicates that obtaining future financing to fund acquisitions may present significant challenges and will also create dilution to shareholders among other potential impacts.

The success of our past and future acquisitions will be dependent upon our ability to effectively integrate the acquired assets and operations into our business. Integration can be complex, expensive and time-consuming. The failure to successfully integrate acquired assets in a timely and cost-effective manner could adversely affect our business, prospects, results of operations and financial condition. The diversion of our management’s attention and any difficulties encountered in any integration process could also have a material adverse effect on our ability to manage our business. In addition, the integration process could result in the loss of key employees, the disruption of ongoing businesses, litigation, tax costs or

RISK FACTORS

inefficiencies, or inconsistencies in standards, any of which could adversely affect our ability to maintain the appeal of our brands and our relationships with customers, employees or other third parties or our ability to achieve the anticipated benefits or synergies of such acquisitions and could harm our financial performance.

Additionally, these transactions involve other significant challenges and risks, including

- failure to realize a positive return on our investment;
- difficulties in conducting sufficient and effective due diligence on potential targets, joint venture partners, and unforeseen or hidden liabilities or additional incidences of non-compliance, operating losses, costs and expenses that may adversely affect us following our acquisitions or investments or other strategic transactions;
- actual or potential impairment charges or write-offs of investments in investees, intangible assets (including intellectual property we acquire) or real properties, and goodwill recorded in connection with invested businesses, in the event that a decline in fair value below the carrying value of our investments is other-than-temporary, or the carrying amount of an asset to which goodwill is allocated exceeds its fair value; and
- negative impact on our cash and credit profile from loans to or guarantees for the benefit of the investees.

In particular, we entered into two joint ventures with POSCO Holdings Inc.: (i) a joint venture for the production of nickel-based materials, which is our South Korea production base, in which we held an 80.0% equity interest; and (ii) a joint venture for the production of nickel sulfate (the “**Nickel Sulfate Project**”), in which we held a 40.0% equity interest. The Nickel Sulfate Project was terminated due to economic consideration as we identified alternative solution that can provide better return on our investment for sourcing raw materials. Before the termination we had invested RMB170 million into the project.

Moreover, in 2023, we, through our subsidiaries, and the platform for our employee stock ownership plan, 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. According to the transaction agreement, Delong Nickel was under several obligations to us including the agreement to construct the North Morowali production base and indemnity to us for any shortfall in returns if the North Morowali production base did not reach its full capacity by December 2023, as well as several ancillary obligations. The construction of our North Morowali production base has been completed in the end but was delayed as compared with the original plan, which triggered several compensation and indemnity obligations of Delong Nickel to us. However, due to the deteriorating financial condition of Delong Nickel, a consolidated insolvency proceeding was initiated against Delong Nickel in August 2024. As a creditor, we have submitted several claims to the administrator of the insolvency of Delong Nickel. See “Business — Insolvency of Delong Nickel.” As of the Latest Practicable Date, a total of RMB1,229.5 million of our claims was accepted by the administrator, with RMB137.3 million of our claims pending determination. There is no assurance how much of the outstanding claims against Delong Nickel can be recovered. If we failed to recover such claims, our financial condition can be adversely affected.

We depend on certain third parties for various services and products in connection with our business.

We rely on third-party suppliers for various goods and services including utilities, energy, raw materials, warehousing services and transportation services, which are in line with industry practice. We endeavor to source goods and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the goods and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-

RISK FACTORS

party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, substantially increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures which could increase our costs of operations. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of goods or services not complying with our requirements or that of our customers, our reputation may be affected. Our reputation will also be adversely affected if the third-party providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, reputation, financial condition and results of operations.

We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing and mining processes at our production facilities due to, among others, failure to comply with safety measures and procedures.

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees. As our manufacturing processes, including mineral smelting, refining and new energy battery materials production, are complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have adequate or sufficient insurance to cover such liabilities, which could then adversely affect our business, results of operations and financial condition. See “— We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards.”

We generate a substantial portion of our revenue from a limited number of key customers. If we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations will be adversely affected.

We generate a substantial portion of our revenue from a limited number of key 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 revenue in the respective period, and revenue from our largest customer 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 revenue in the respective period.

If these key customers do not continue to transact with us on scales or terms similar to historical levels, our business, financial condition and results of operations will be adversely affected. In particular, these key customers’ products are characterized by rapidly evolving technology that requires different product specifications or adoption of new or alternative technologies each time a new product is introduced or an existing product is upgraded. The loss of or reduction in any key customer’s business as a result of our inability to meet the product specifications, to adopt new technologies, our exclusion from a key product introduction cycle or for any other reason may materially and adversely affect our results of operations. Furthermore, Certain of our direct customers are also our indirect customers. As such, adverse development in relationship with these customers can result a loss of business from these customers directly, and from our other customers who supply our products to these customers.

If (i) there is any reduction, delay or cancelation of orders from one or more of our key customers due to a reduction in their product sales or for any other reason, (ii) one or more of our key customers select our competitors’ products; (iii) we lose one or more of our key customers and are not able to obtain additional or alternative customers that can replace the lost sales volume and profit or (iv) any of our key customers fails to make timely payment for our products, our financial condition and results of operations may experience material fluctuations and our sales may decline.

RISK FACTORS

Given the significant order volume of our key customers, we anticipate that we may continue to generate a substantial part of our revenue from a limited number of key customers in the foreseeable future. If our relationships with these customers are not sustained or do not develop, we may not be able to continue to generate sales, revenue and profit from these customers on scales that are comparative to historical levels, or at all.

Moreover, there is no assurance that we could retain our existing customers or attract new customers as we did during the Track Record Period, or at all. If we fail to retain our existing customers or attract new customers in the future due to that our products could not meet the requirements of the market, or that our selling prices are not competitive, or due to other factors disclosed herein, our business, financial conditions and results of operations will be adversely affected.

We may need to replenish mineral resources, and we may face mine development risks.

As part of our integrated operations, we invested in nickel laterites, phosphate and lithium brine resources as of the Latest Practicable Date. We may need to replenish resources from time to time in order to enhance the security of our supply chain. There is no assurance that we will be able to identify or acquire new and valuable resources. The failure for us to do so could adversely affect our operations.

As of the Latest Practicable Date, our lithium brine resources remained undeveloped. For these undeveloped mines, the development projects may take a number of years and material expenditures during the development phase before production is possible. Such projects could experience unexpected problems and delays during permitting, development, construction and mine start-up. Our decision to invest in a development project will be based on the results of studies, which estimate the anticipated economic returns of a project. The actual project profitability or economic feasibility may differ from such estimates.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial, export control regulations and similar laws and regulations. Any non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial, export control regulations and similar laws and regulations in various jurisdictions in which we conduct activities. In view of our overseas operation, there can be no assurance that the measures taken by us to mitigate the risk of will be fully effective in all circumstances. The Group may be exposed to liability or regulatory action if it, its customers, or suppliers are found to have engaged in money laundering or related activities, whether knowingly or inadvertently. If we fail to comply with anti-corruption, anti-bribery, anti-money laundering, financial and export control regulations and similar laws and regulations, we could be subject to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. Any violation or even an alleged or suspected violation could harm our reputation and cause our suppliers, customers, financial institutions or other counter-parties to refuse to do business with us, which may adversely affect our business, our results of operations, or the trading price of our Shares.

In particular, 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

RISK FACTORS

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, 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 expressly listed in Announcement No. 58. As advised by the PRC Legal Adviser, from 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》). 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. See “Business — Export Control.” There is no assurance that the measures taken by us to mitigate the impact of the Announcement No.58 will be effective, or that we will obtain the requested export licenses for our future exports of Controlled Items after the effect and implementation of the Announcement No. 58. If we fail to obtain the requested export licenses, our business, results of operations and financial condition may be adversely affected.

We recorded net operating cash outflow in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operating outflow in the future.

In 2022, we recorded net cash outflow from operating activities of RMB4,953.6 million. See “Financial Information — Liquidity and Capital Resources — Cash Flow.” There is no assurance that we will generate net cash inflows from our operating activities in the future. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity, financial condition and prospects may be adversely affected. We cannot assure you that we will continue to have sufficient cash from other sources to fund our operations. If we resort to other financing activities to obtain additional cash, we will incur additional financing costs, and we cannot assure you that we will be able to obtain financing to satisfy our needs of cash flow on terms acceptable to us, or at all.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

In order to operate our business effectively and meet our consumers’ demands and expectations, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had inventories of RMB9,620.2 million, RMB7,929.1 million, RMB9,826.4 million and RMB10,226.8 million, respectively. We determine our level of inventory based on our experience, number of orders from customers, assessment of customer demand and fluctuation in prices of raw materials. However, such assessment is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. For example, our inventory turnover days increased from 98 days in 2022 to 109 days in 2023, primarily as we expanded

RISK FACTORS

upstream, which resulted in longer production cycle. Our inventory turnover days in 2024 and the six months ended June 30, 2025 were 92 days and 96 days, respectively. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation. Moreover, the significant increase in our inventory levels may adversely affect the cash we generate from operating activities. In 2022, we utilized RMB4,883.9 million of working capital to increase our inventories, primarily to support our business expansion. This substantial allocation of cash, combined with other increases in working capital, contributed to a net cash outflow from our operating activities in 2022. If we are unable to effectively manage our inventory levels, our cash flow and overall liquidity position may be adversely impacted.

Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

We may fail to recover our trade and bills receivables in a timely manner, which may affect our financial condition and results of operations.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our trade and bills receivables amounted to approximately RMB5,077.5 million, RMB5,139.8 million, RMB5,105.8 million and RMB5,659.4 million, respectively. We recorded impairment of trade receivables of RMB55.1 million, RMB44.9 million, RMB51.6 million and RMB72.0 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. See “Financial Information — Selected Balance Sheet Items — Trade and Bills Receivables.” There can be no assurance that we will be able to maintain our trade receivables turnover days at a reasonable level. Should the credit worthiness of our customers deteriorate, or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers within their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from the customers or that they will settle our trade and bills receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

We may recognize impairment loss on our prepayments, deposits and other receivables.

We recorded prepayments, deposits and other receivables of approximately RMB2,639.6 million, RMB5,335.8 million, RMB5,436.6 million and RMB6,226.2 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, with impairment provision of RMB4.7 million, RMB31.5 million, RMB38.8 million and RMB54.7 million as of the same date, respectively. During the Track Record Period, our prepayments, deposits and other receivables primarily consisted of (i) prepayments mainly for raw materials for our new energy battery materials, (ii) deposits and other receivables, mainly including the receivables from our affiliates for our loans to those affiliates, and (iii) tax receivables for input tax associated with the construction and establishment of production bases, which were expected to be recovered in the future. See “Financial Information — Selected Balance Sheet Items — Prepayment, Deposits and Other Receivables.” and note 25 to “Appendix I — Accountants’ Report.” We cannot assure you that there would not be any impairment on our prepayments, deposits or other receivables in the future. If we continue to record impairment losses on such balances in the future, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

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

Our contract liabilities comprise advances received from our customers. We typically require some of our customers to pay part of the consideration for their purchases from us upon or prior to the delivery of the products. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had contract liabilities of RMB86.4 million, RMB169.2 million, RMB586.6 million and RMB280.6 million, respectively. See “Financial Information — Selected Balance Sheet Items — Other Payables and Accruals.” Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. The continued operation of our production facilities may be substantially interrupted and materially and adversely affected due to a number of factors, many of which may be beyond our control. As a result of disruption to any of our production facility or any problems in manufacturing our products, we may fail to fulfill our contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

Share-based payments may lead to shareholding dilution for our existing Shareholders and adversely affect our financial performance.

We adopted Employee Stock Ownership Scheme for the benefit of our directors (excluding independent directors), senior management, key management personnel, core employees, and other personnel deemed by the Board as requiring incentives, of our Company and its subsidiaries and branches. See note 36 to “Appendix I — Accountants’ Report” and “Share Scheme” in “Appendix VI — Statutory and General Information.” In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we incurred share-based payment expenses of RMB79.4 million, RMB51.9 million, RMB79.9 million, RMB55.9 million and RMB15.7 million, respectively. To further incentivize our directors (excluding independent directors), supervisors, senior management, key management personnel, core employees, and other personnel, we may pay additional share-based payment in the future. Issuance of Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Such share-based payments may also increase our expenses and therefore have a material and adverse effect on our financial performance.

Our financial results may be affected by government grants.

The government grants we received and recognized in profit or loss were RMB518.2 million, RMB579.7 million, RMB438.0 million, RMB231.5 million and RMB133.1 million in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. Not all of the government grants are recurring in nature. See “Financial Information — Results of Operations — Other Income and Gains.” Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the local government, such as those associated with our income and investment and the initiation of certain R&D projects. In addition, the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future at the same level as we had during the Track Record Period, our financial condition and results of operations for the period may be adversely affected.

Fair value change of financial assets at fair value through profit or loss may affect our results of operations.

Our financial assets at fair value through profit or loss primarily consist of structured deposits. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had financial assets at fair value through profit or loss of RMB300.0 million, nil, RMB2,040.2 million and RMB1,161.0 million, respectively. Changes in the fair value of the structured deposits are reflected in our consolidated statement of profit or loss. See note 19 to “Appendix I — Accountants’ Report.” The methodology that we use to assess the fair value of our investments in wealth management products involve a significant degree of management judgment and are inherently uncertain. We cannot assure you that market conditions and regulatory environment will create

RISK FACTORS

fair value gains on those financial assets or that we will not incur any fair value losses on those financial assets in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We may record impairments of non-financial assets.

We may record impairments of non-financial assets, which may adversely affect our financial condition and results of operations. Goodwill, intangible assets with indefinite useful life and intangible assets with those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable. We measure impairment by comparing the carrying value of the asset to the recoverable amount of such asset, which is the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of such asset, we recognize an impairment loss based on the recoverable amount of such asset. The application of impairment test to our non-financial assets also requires management judgment regarding such assets. In 2024, we recorded impairment of non-financial assets of RMB18.6 million.

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

Our PRC subsidiaries are subject to the PRC corporate income tax at a standard rate of 25% on their taxable income, but several of our PRC subsidiaries were accredited as “High and New Technology Enterprises,” and several subsidiaries’ operations fell within the scope of China’s Western Development Program, which were entitled to a preferential income tax rate of 15%. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancelation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiary will be subject to the PRC enterprise income tax, at a rate of 25% on taxable income. As a result, the increase in our tax charge could lead to a material and adverse impact on our results of operations and financial condition.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

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

We may face risks in relation to the joint ventures and may not be successful in our investments.

We have, and may have more, interests in joint ventures engaging in mining and new energy materials manufacturing business. As of the December 31, 2022, 2023 and 2024 and June 30, 2025, we had investments in joint ventures of RMB206.3 million, RMB1,978.5 million, RMB2,354.3 million and

RISK FACTORS

RMB2,382.8 million, respectively. In particular, in 2023, we entered into a joint venture agreement with POSCO to collaborate on building a pCAM production base in South Korea, and we held 80.0% equity interest in it. In the same year, we, through our subsidiaries, and the platform for our employee stock ownership plan, acquired 60% and 7% equity interests, respectively, in NNI, while Jiangsu Delong Nickel Industry Co., Ltd. retained 33% equity interest in NNI as a minority shareholder. NNI currently operates the North Morowali production base. Certain important resolutions of these joint ventures must be passed by unanimous approval of the joint venture partners. Such joint ventures may involve special risks, including but not limited to the possibility that the joint venture partner may (i) have economic or business objectives that are inconsistent with ours; (ii) experience financial difficulties; or (iii) be unable or unwilling to fulfill their obligations under the joint venture contracts. Some of our joint ventures are located overseas and engaged in production and operations. Those joint ventures are also subject to various uncertainties and risks associated with manufacturing and operating in those jurisdiction. See “—Our international strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks.” If any of the above risks materialized in the future, our relationship with those joint venture partners and the related joint venture business may be adversely affected, which in turn would affect our business, financial condition and results of operation.

We are exposed to foreign currency exchange fluctuations.

A substantial portion of our revenues and cost of sales is denominated in Renminbi. However, as we operate part of our business in Indonesia and other international jurisdictions, we have made and expect to continue to make significant equity and other investments outside of China. We are therefore subject to significant risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our foreign operations, or affect the prices of our exported products and the prices of our imported equipment and materials. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. With respect to our monetary assets and liabilities denominated in foreign currencies, we recorded net foreign exchange differences gains of RMB47.1 million in 2023 and RMB17.8 million in the six months ended June 30, 2024, net foreign exchange differences loss of RMB21.7 million in 2022, RMB34.1 million in 2024 and RMB108.5 million the six months ended June 30, 2025. With respect to our operations outside of China, we recorded other comprehensive income on exchange differences on translation foreign operations of RMB112.6 million, RMB173.1 million, RMB141.3 million and RMB184.3 million in 2022, 2023 and 2024 and the six months ended June 30, 2024, respectively, and recorded other comprehensive loss on exchange differences on translation of foreign operations of RMB27.1 million in the six months ended June 30, 2025. The exchange differences were recognized in other comprehensive income during the Track Record Period, and may be reclassified subsequently to profit or loss in subsequent periods. There is no assurance that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

New legislations or changes in the regulatory requirements or government policies regarding our products or the end markets of our products may affect our business operations and prospects.

Our business has benefited from government policies of major economies worldwide that support the growth of new energy industries. These policies are subject to certain limits as well as changes that are beyond our control, and we cannot assure you that future changes, if any, would be favorable to our business. Any reduction or elimination of government and economic incentives because of policy changes, fiscal tightening, or other factors may result in the diminished competitiveness of the new energy industries, which in turn could materially and adversely affect our business, financial condition, and results of operations. See also “— New legislations or changes in the regulatory requirements regarding our products or the end markets of our products may affect our business operations and prospects.”

RISK FACTORS

Our products are used in the production of, or are incorporated into, final products that are sold into a number of end markets which include EV and ESS markets. New legislations or changes in the PRC regulatory requirements regarding these end markets may affect our business, financial condition, results of operations and prospects. For instance, on November 2, 2020, the General Office of the State Council issued the New Energy Automotive Industry Development Plan (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》) (國辦發[2020]39號), specified the importance to promote the high-quality development of the NEV industry. On March 11, 2021, the National People’s Congress passed Outline of the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which proposed to support the development of EV as a strategic emerging industry and sped up the innovation and application of the related core technologies. In the energy storage industry, “Guidance on Accelerating the Development of New Energy Storage” (《關於加快推動新型儲能發展的指導意見》), published by National Development and Reform Commission and National Energy Administration in 2021, proposed a holistic approach to foster the development of new energy storage market. EV battery shipment volume in China from 86.6 GWh in 2020 to 682.1 GWh in 2024, at a CAGR of 67.5%. ESS battery market by shipment volume in China has increased from 6.9 GWh in 2020 to 131.2 GWh in 2024, at a CAGR of 109.1%. Global ternary pCAM market increased from 472.2 thousand tons in 2020 to 961.5 thousand tons in 2024, at a CAGR of 19.5%. The MIIT issued the Electric vehicles traction battery safety requirements (《電動汽車用動力蓄電池安全要求》, GB 38031-2025) on March 28, 2025, which will come into effect on July 1, 2026, which is a mandatory national standard clearly applicable to power storage batteries used in electric vehicles and has comprehensively improved the safety standards of power batteries and accelerated the popularization of high-safety and high-performance batteries. The new national standard imposes stricter requirements on battery safety performance, covering mechanical safety, electrical safety, thermal safety, and other aspects. This also elevates the demands for the selection and design of cathode materials. For instance, lithium iron phosphate (LFP) batteries may gain greater preference under the new national standard due to their higher stability. To comply with these updated requirements, battery manufacturers must adopt safer and more stable cathode materials. This shift could lead to the replacement or enhancement of existing materials, thereby propelling technical innovation and upgrading in cathode materials. However, there is no guarantee that such favorable industry policies in China may continue to exist in the future. We may need to change or adapt our business focuses from time to time in response to new rules, regulations and policies regarding our products or the end markets of our products, but we may not be able to do so in a timely and efficiently manner. Failure to do so may have a material adverse effect on our businesses, results of operations and financial condition.

We are subject to environmental, handling of hazardous substances, chemical manufacturing, fire prevention, health and safety laws and regulations and production standards and any inability to comply with such requirements and standards may subject us to liabilities.

Our mining, processing and production operations are subject to laws and regulations, administrative determinations, court decisions and similar constraints, especially the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the production and sale of our products in countries where we operate. Some of the countries in which we operate have laws and regulations related to water (quality and quantity), nature and greenhouse gas emissions which are becoming increasingly more stringent. See “Regulatory Overview — Laws and Regulations on Production Safety, Environmental Protection and Energy Conservation Review.”

We have operations in both the PRC and overseas regions. We should comply with the environmental, health, and safety laws of the jurisdictions where we operate, including obtaining local permits, adhering to regulatory inspections, and implementing regional standards for pollution control and waste management. Non-compliance may result in penalties, operational suspensions, or other enforcement actions in those jurisdictions.

RISK FACTORS

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

We are dedicated to comply with such laws and regulations. However, compliance with these laws and regulations may impose substantial costs and burdens, and can cause delays in obtaining, or a failure to obtain or renew, or cancelation of, government permits and approvals which may adversely impact our operations and closure processes. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, termination of government contracts or suspension of their operations. Such events could impact our results of operations, financial condition and reputation, all of which could adversely affect our ability to be profitable and attract new customers. Increased global attention or regulation on consumption of shared resources and use products or development of waste that have the potential to impact human health and the environment could similarly have an adverse impact on our results of operations and financial position due to increased compliance and input costs.

Any failure to make adequate contributions to various employee benefit plans can result in penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. 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. See “Business - Employees - Social Insurance and Housing Provident Funds.” If we fail to pay social insurance and housing provident fund contributions in full based on employees’ actual salaries, we may be required to pay the outstanding amount and could face late payment penalties or legal enforcement. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in mainland China, we may be exposed to penalties or be required to compensate employees.

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. According to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, the court shall deem such agreement or undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated based on the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions. As advised by our PRC Legal Adviser, the New Judicial Interpretation is not expected to have a material adverse effect on our financial position and business. See “Business — Employees — Social Insurance and Housing Provident Funds.” However, if the relevant PRC authorities hold a different view with us and determine that we are not in compliance with the New Judicial Interpretation, the financial and business performance of the Company may be adversely affected.

RISK FACTORS

Global economic and political conditions may impact our industries, business, and financial results.

Our operating results are directly affected by the general global economic conditions. If economic growth in countries where we do business slows or if such countries experience economic downturns or recessions, in which economic activity was impacted by falling demand for a variety of goods and services, poor liquidity, decreased government spending, reduced corporate profitability, volatility in credit, equity, and foreign exchange markets, inflationary pressures and higher interest rates, bankruptcies, and overall uncertainty, customers may delay or reduce purchases of our products.

Additionally, the uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing, or result in cost changes or interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

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

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

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

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

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

RISK FACTORS

We are subject to governmental economic sanctions and export controls laws that could subject us to liability and impair our ability to compete in overseas markets. Geopolitical uncertainties between countries and regions in which we operate may further adversely affect our business and results of operations.

Our global operations subject us to various applicable sanctions and export controls regulations. We have exported our products to a number of countries and regions and derive significant sales from exporting to these countries and regions. In the event that any of these countries or regions which we export to imposes economic sanctions or enforces import restriction or tariffs in relation to our products, our business and operations may be adversely affected. Furthermore, we rely on a global network of suppliers to obtain components and raw materials for production. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or components supplied to us, we may not be able to obtain a steady supply of necessary raw materials at competitive prices, and our business and results of operations may be materially and adversely affected.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments, and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. We take precautions to prevent our products from being provided to any target of these sanctions. However, we cannot assure you that our products would not be provided to those targets through independent distributors despite such precautions. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

We have operations in a large number of jurisdictions. Therefore, government policies restricting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or prevent us from being able to sell products in certain countries or regions. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

In recent years, there have been heightened complexity in international relations. Such tensions could reduce levels of international trade, investment, technological exchange, and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' business, prospects, financial condition, and results of operations. In addition, as our business depends on markets and supplies located overseas, economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material negative impact on our ability to secure the supply of raw materials for our production and our ability to continue to sell to global customers and further grow our customer base.

We may be involved in disputes or legal proceedings arising out of our operations from time to time and may face legal or reputational risks and significant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, logistics service providers,

RISK FACTORS

insurers and banks. These disputes may lead to legal or other proceedings, including threatened proceedings, which may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production or product launch schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our business, financial condition and results of operations.

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.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. Although we have applied and obtained a number of trademarks and patents for the operations of our business, there is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, for such applications are expensive and time consuming. See "Business — Intellectual Properties." Unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. 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. However, there is no assurance that we will not experience or be subject to such material infringement in the future.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. Our uses of trademarks relating to our design, software, technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages;
- redesign our products; or
- establish and maintain alternative branding for our products.

The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and

RISK FACTORS

prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time consuming and may significantly divert the efforts and resources of our management. A determination in any such litigation or proceedings or requests to which we are a party may invalidate our patents, subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Any of the afore-mentioned will materially and adversely affect our business, financial condition and results of operations.

Failure to maintain an effective quality control system could have a material adverse effect on our business, financial condition and results of operations.

As the quality of our products is critical to the success of our businesses, we must maintain an effective quality control system for our production and other operational activities. We have established a quality management system that complies with relevant national and international standards, covering the raw material supply chain and product manufacturing. See “Business — Production — Quality Control.” However, the effectiveness of our quality control system depends significantly on a number of factors, including the design of the system and the related training programs, as well as our ability to ensure that our employees adhere to our quality control policies and guidelines.

Any failure or deterioration of our quality control system could result in defects in our products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our businesses, financial condition, results of operations and reputation.

Our facilities or operations could be damaged or adversely affected as a result of natural disasters and other catastrophic events.

Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars, health epidemics, and other calamities. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, tsunamis, earthquakes, power loss, telecommunications failures, cyber attacks, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to produce our products and provide services.

We may not be able to detect and prevent fraud, negligence or other misconducts committed by our employees or third parties.

Our internal control system and procedures are designed to monitor our operations and overall compliance. However, we cannot guarantee that they will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct committed by our employees, suppliers, business partners or other third parties in a timely and effective manner. Examples of such behavior include crimes such as theft, vandalism, bribery and unauthorized use of software.

We may be viewed as at least partially responsible for conducts of these parties on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or third parties. To the extent that we cannot recover related costs from the employees, suppliers, business partners or third parties involved, we may experience material adverse effects on our business, results of operations and financial condition. We may also attract negative publicity and incur damages to our reputation and brand value.

RISK FACTORS

In particular, we use various third-party software in our operations. We cannot assure you that all of our employees have fully complied with the relevant license terms at all times. If any third party alleges that we are using unlicensed or infringing software, we may be required to obtain additional licenses, pay damages, or face litigation, any of which could materially and adversely affect our business, financial condition, and results of operations. During the Track Record Period, certain employees used unauthorized software, which exposed us to potential disputes with the proprietors.

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.

We rely on our computer systems and network infrastructure to conduct and monitor the daily operations of our manufacturing facilities, and to collect accurate up-to-date financial and operating and other transaction data for business analysis. We also rely on such systems and infrastructure to collect, process and store data, such as business data and transaction data generated in connection with our business operations. Therefore, our business is dependent upon the continued maintenance and enhancement of our computer systems and network infrastructure. Such systems and infrastructure are subject to certain risks, such as malfunction, nature disasters, and also the cyber security risks. Our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against these attacks. There is no assurance that we will not be subject to any of those cyber security issues in the future. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

Our insurance coverage may not cover all losses related to our operational risks.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These afore-mentioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. We may not have adequate or any insurance to cover these operational risks. 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. There is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

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

As a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly-skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Moreover, our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly-skilled employees or other key personnel that we will need to achieve our strategic objectives. Our ability to recruit, train and integrate new employees into our operations may not meet the growing demands of our business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information such as know-how and may lessen the technological advantages over our competitors that we have developed.

You may have difficulties in effecting service of legal process or enforcing foreign judgments against us, our Directors, and our senior management.

We are a company incorporated under the PRC laws and a significant portion of our assets are located in the PRC. In addition, most of our Directors, and senior management reside in the PRC. The assets of these Directors, Supervisors and senior management are also mostly located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with the PRC or if the jurisdiction has been otherwise deemed by the courts of the PRC to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions. Similar to many other jurisdictions worldwide, the recognition and enforcement in the PRC of court judgments from foreign jurisdictions may face challenges due to differences in legal systems and cross-border enforcement frameworks.

On January 18, 2019, the Supreme People's Court of the PRC and the Government of Hong Kong Special Administrative Region of the PRC entered into an agreement regarding the scope of judgments which may be enforced between mainland China and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"). The New Arrangement broadens the scope of judgments that may be enforced between mainland China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement became effective on January 29, 2024, both in mainland China and in Hong Kong and replaced the Arrangement. Under the New Arrangement, any party concerned may apply to the relevant court of mainland China or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has become effective, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a mainland China court.

RISK FACTORS

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Archives Rules**”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities.

Given that the Archive Rules were recently promulgated, their interpretation, application and enforcement are still evolving and subject to change. Failure to comply with them could have a material and adverse impact on our business, results of operation and financial condition.

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

The Trial Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (officially promulgated on February 17, 2023, and effective as of March 31, 2023), issued by CSRC, aim to regulate the overseas securities issuance and listing activities of domestic enterprises in the PRC. We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this Global Offering, our future financing activities, and these regulatory authorities may impose fines and penalties on us, take other actions to restrict our financing activities, which could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

We are exposed to risks in relation to work safety and occurrence of accidents as well as other operational, transportation-related, occupational and environmentally related risks, which could materially and adversely affect our business, financial condition and results of operations.

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of battery materials which are promulgated by the relevant government authorities. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. We may experience various types of difficulties in connection with the manufacturing of our products. Some of our raw materials and chemicals are hazardous and their storage and use in the manufacturing process

RISK FACTORS

involve inherent risks including the leakage of flammable substances, toxic gases and liquids, equipment failures, industrial accidents, fires and explosions. Such accident could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences may result in business interruption, legal liability and damages to our reputation and corporate image. We cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes.

Our operations may also be subject to difficulties related to the manufacturing such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in the PRC in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of the PRC, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations.

Under current foreign exchange regulations of the PRC, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (“**Non-PRC Resident Individual Holders**”) are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函[2011]348號) dated June 28, 2011 and issued by the SAT of the PRC, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains

RISK FACTORS

realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Based on our knowledge, as of the Latest Practicable Date, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“EIT Law”) and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to listing and regulatory requirements of PRC and Hong Kong.

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

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

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the Global Offering, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

RISK FACTORS

There has been no prior public market for the H Shares, and an active trading market for the H Shares may not develop or be sustained.

Prior to the completion of the Global Offering, there has been no public market for the H Shares. There can be no guarantee that an active trading market for the H Shares will develop or be sustained after the completion of the Global Offering. The Offer Price of the H Shares is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which the H Shares will be traded following the completion of the Global Offering. If an active public market for the H Shares does not develop following the completion of the Global Offering, the market price and liquidity of the H Shares may be materially and adversely affected.

The price and trading volume of the H Shares may be volatile, which could lead to substantial losses to investors.

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

Future sales or perceived sales of substantial amounts of the H Shares in the public market could negatively affect the price of the H Shares and our ability to raise additional capital in the future.

The market price of the H Shares could decline as a result of future sales of a substantial number of the H Shares or other securities relating to the H Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of investments in and/or acquisitions of new businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

RISK FACTORS

Our Controlling Shareholders may have substantial influence over the Company and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the Global Offering, our Controlling Shareholders will be entitled to exercise more than 30% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of the H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholder may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of PRC, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of PRC. See "Financial Information — Dividend Policy." No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future, and there can be no assurance whether and when we will pay dividends in the future.

We are exposed to risks associated with the potential spin-off.

We periodically evaluate strategic opportunities to enhance shareholder value, including, among others, spinning off subsidiaries, in light of our operations across multiple jurisdictions and markets, as well as our development of new business initiatives. These evaluations are contingent upon factors such as market conditions, financing requirements, subsidiary development and regulatory approvals. While no concrete plans have been formulated, we cannot preclude the possibility of spin-offs within three years of the Listing should such action align with our strategic objectives, which may require further waiver to be applied to and granted by the Stock Exchange.

A spin-off may enable our subsidiaries to directly access capital markets, thereby potentially securing incremental funding to accelerate their growth. While such transactions are designed to unlock intrinsic value, enhance competitive positioning and optimize operational efficiency, there is no assurance that these objectives will be achieved in full. Material risks associated with spin-offs may still include unanticipated costs (such as separation-related expenditures or restructuring costs, if any), operational complexities arising from organizational decoupling, potential disruption to the Group's integrated business model and synergies and uncertain performance trajectories of spun-off entities, including their ability to sustain competitive positions. Should spun-off entities encounter operational challenges or financial difficulties, it may have adverse impact on the Group's strategic objectives and corporate reputation. In the event of any proposed

RISK FACTORS

spin-off, we will ensure to provide full disclosure to the Shareholders and obtain all necessary regulatory and Shareholder approvals under applicable rules and regulation. We will also implement appropriate strategies and measures to mitigate risks so as to maintain operational cohesion and preserve strategic continuity across the organization.

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

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in PRC. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the Global Offering. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this Prospectus. As a result, prospective investors in the H Shares should be reminded that, in making their investment decisions as to whether to purchase the H Shares, they should rely only on the financial, operating and other information included in this Prospectus. By applying to purchase the H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the Global Offering.

Certain facts, forecast and other statistics in this Prospectus obtained from publicly available sources have not been independently verified and may not be reliable.

This prospectus, particularly the section headed “Industry Overview,” contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from various official governments. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective Directors, executive officers or representatives or any other person involved in the Global Offering and no representation is given as to their accuracy. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

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

This Prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words “aim”, “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “might”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should

RISK FACTORS

be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance.

You should read the entire Prospectus carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

There may have been, prior to the publication of this Prospectus, and there may be, subsequent to the date of this Prospectus but prior to the completion of the Global Offering, press and media coverage regarding us, our business, our industry and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this Prospectus, including certain operating and financial information and projections, valuations and other information. None of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other person involved in the Global Offering has authorized the disclosure of any such information in the press or media coverage, or accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication.

Accordingly, prospective investors should not rely on any such information or publication in making their decision whether to invest in the H Shares. Prospective investors are reminded that, in making their investment decisions as to whether to purchase the H Shares, they should rely only on the financial, operational, and other information included in this Prospectus. By applying to purchase the H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus.