
RISK FACTORS

An [REDACTED] in the H Shares involves various risks. You should consider carefully all the information set out in this Document and, in particular, the risks described below before making an [REDACTED] in the H Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the [REDACTED] of the H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

We have a limited operating history, making it difficult to evaluate our business prospects based on our operating history and historical financial performance, and we may not be successful in expanding our operations, or sustain our historical growth rate in the future.

We were established in December 2019 and our limited operating history makes it difficult to evaluate our business prospects. We experienced significant growth in revenue and production capacity during the Track Record Period. See “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue.” However, our historical revenue growth should not be considered as an indicator of our future performance. [REDACTED] should comprehensively consider our business and prospects in light of the risks and challenges we face in our industry, including but not limited to our ability to:

- design and produce safe, reliable and quality products;
- continuously improve our R&D capabilities;
- effectively manage our supply chain;
- improve operating efficiency and achieve economies of scale;
- build a well-recognized and respected brand;
- expand our customer base;
- adapt to changing market conditions, including technological developments and changes in the competitive landscape; and
- effectively manage our growth in the face of the ever-changing regulatory environment.

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If we fail to address any of the aforesaid risks and challenges, our business, financial condition and results of operations could be materially and adversely affected.

Our growth may be affected by factors such as our ability to manage a continuously growing organization as we expand, control expenses and investments in anticipation of expanded operations, implement and strengthen management infrastructure, systems and business processes, comply with environmental, workplace safety, and relevant regulations, execute our strategies successfully, and address new markets and unforeseen challenges as they arise.

If we are unable to manage our growth effectively, we may be unable to take advantage of market opportunities, execute our business strategies or respond to competitive pressures which could have a material adverse effect on our business, results of operations and prospects.

We face risks associated with the global operations and business expansion, and if we are unable to successfully manage the complexity of our global operations and deal with the challenges and risks related to our global operations, our business and financial condition and results of operations may be materially and adversely affected.

During the Track Record Period, we generated revenue from customers located in China, the United States, Europe, and emerging markets across the globe. As part of our development strategies, we will continue to expand our business overseas, which will expose us to a number of risks, including, but not limited to:

- fluctuations in foreign currency exchange rates;
- trade barriers such as export requirements, tariffs, taxes, trade sanctions and other restrictions and expenses in different jurisdictions;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and sales presence in various countries;
- difficulty in providing satisfactory customer service and support in these markets;
- difficulty with local staffing, particularly personnel engaged in R&D, administrative management, and product delivery;
- difficulty with managing the complexity of global operations;
- failure to develop and implement appropriate risk management and internal control structures tailored to global operations;

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- difficulty and cost relating to compliance with different commercial and legal requirements of the markets in which we offer or plan to offer our products, including our ability to meet evolving product standards set by different regulatory or government authorities;
- failure to obtain or maintain permits for our products or services in these markets;
- different safety concerns and measures needed to address accident related risks in different countries and regions;
- inability to obtain, maintain or enforce intellectual property rights; and
- unanticipated changes in prevailing economic conditions and regulatory requirements.

Our operating results are directly affected by the general global economic conditions of the industries in which our major customer groups operate. Some of our business segments are highly dependent on the economic and market conditions in each of the geographic areas in which we operate. The uncertainty in global economic conditions varies by geographic segment and may be subject to substantial volatility, which could in turn negatively impact our sales, supply chain, manufacturing and other aspects of our business. As a result, our business, cash flow, results of operations and financial condition could be materially and adversely affected.

Moreover, we have invested in, and will continue to invest in, establishing global production capacities and sales network. The success of our global operations depends on whether we could adequately, timely and effectively address the risks associated with operating globally, such as failure to adopting different legal framework and government policies, restrictions or requirements relating to foreign investments, non-compliance with the requirements of applicable sanctions, anti-bribery and related laws and regulations, failure to protect our reputation from negative publicity against us, and limitations on ability of non-nationals to reside and work in such countries. We may not be able to develop and implement policies and strategies that will be effective in each location where we do business. A change in one or more of the factors described above may have a material adverse effect on our business, financial condition and results of operations.

Additionally, an international supply chain is important to our business operations. This global network exposes us to risks such as currency fluctuations, geopolitical instability, and rapid changes in international trade policies and regulatory frameworks. Disruptions in logistics or transportation, including those caused by pandemics, natural disasters, or political events such as trade restrictions or tariffs, could lead to delays in production and delivery, increased operational costs, and potential degradation in product quality. Additionally, reliance on third-party suppliers and logistics providers may limit our control over quality assurance and timely delivery, thereby adversely affecting our operational performance and reputation. See “— We purchase certain key raw materials and components from third parties, and we may not be able to secure our supply of key raw materials in a stable and timely manner.” As a result, our business, financial condition and results of operation might be adversely affected.

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As of the Latest Practicable Date, the United States imposed an additional “reciprocal tariff” rate of up to 34% on goods imported from China, of which 24% reciprocal additional tariffs have been suspended until November 10, 2025. As a countermeasure, China also imposed 34% additional tariff on goods imported from the United States, of which 24% has been similarly suspended for the corresponding period. As relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts, and we will closely monitor relevant situation. In 2024 and the six months ended June 30, 2025, our revenue generated from the United States amounted to RMB3,385.6 million and RMB821.1 million, respectively accounting for 26.2% and 11.8% of our total revenues for the same period. In 2022 and 2023, our revenue generated from the United States was negligible. During the Track Record Period, all tariffs were borne by our customers in the United States pursuant to the terms of our agreements. However, in light of the raised tariff imposed by Trump administration, our customers in the United States have to pay more for our products, and we may become less competitive compared to peers outside China, particularly those in the U.S. who are not subject to the special tariff imposed on exports from China. For details, see “Business — Sales, Marketing and Customers.”

We face competition in our business. If we fail to compete effectively with our competitors, our business, results of operations and financial condition may be materially and adversely affected.

The global ESS market is highly competitive and concentrated, and we expect that the competition will be even more intense in the future. 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 also have greater financial resources than us. We expect to face competition from both existing and new 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 energy storage 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 research and development are subject to risks and uncertainties, and we may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability.

Technological innovation is critical to our success, and we make significant investments in product R&D. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses were RMB197.4 million, RMB484.9 million, RMB530.0 million, RMB265.6 million and RMB271.4 million, respectively. See “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Research and Development Expenses.” In order to maintain and expand our competitive advantage, we may devote more resources in the future. However, as R&D activities are inherently uncertain, we

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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.

If we fail to respond appropriately in the afore-mentioned situations, our significant expenditures on R&D may not generate corresponding benefits, which may materially and adversely affect our business, prospects, financial condition and results of operations.

We may fail to keep up with rapid technological changes and evolving industry standards, the effects of which cannot be accurately predicted nor fully mitigated, which could render our products in production or under research and development and our production facilities uncompetitive or obsolete, and the demand for our products may decrease as a result.

The market we operate in is characterized by rapid technological changes and evolving industry standards. This, together with the frequent introduction of new products, may render our products in production or under R&D uncompetitive or obsolete or less marketable. For example, many private and public companies and research institutions are actively engaged in the development of energy storage technologies that may bring competitive advantages over the mainstream battery products in the market. If our competitors develop new technologies that we are not able to keep up with, such technologies may provide them with significant performance or price advantages over us and our technology leadership and competitive strengths may be adversely affected.

Our ability to adapt to evolving industry standards and anticipate future standards will be a significant factor in our ability to maintain and improve our competitive position and our prospects for growth. See “— Our research and development are subject to risks and uncertainties, and we may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability.” On the other hand, our competitors may improve their technologies that would render our products obsolete or less marketable. Therefore, our failure to effectively keep up with rapid technological changes and evolving industry standards by introducing new and enhanced products may cause us to lose our market share and to suffer a decrease in our revenue.

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We may face failure or delays in the design, manufacture and launch of our new products.

The development and launch of new products involve complex efforts and there may be uncertainties at various stages before a product is launched, which may be attributable to factors beyond our control. Any delay in the design, production and eventually the launch of our new products could materially damage our brand, business, prospects, financial condition and results of operations. To the extent that we delay the launch of our new products, our growth prospects could be adversely affected as we may fail to grow our market share, keep up with competing products or satisfy customers’ demands or needs. Due to the uncertainty in the market window for the new products, any delay in launch of new products may result in the obsolescence of such products and our investments in developing such products may become sunk costs, which will materially and adversely affect our business, results of operations and financial condition.

We, our shareholders, affiliates, Directors, Supervisors, senior management and employees may be involved in legal or other proceedings from time to time and may face reputational risks and significant liabilities as a result.

We, our shareholders, affiliates, Directors, Supervisors, senior management and employees may be involved from time to time in disputes with various parties, including but not limited to our customers, suppliers, competitors, employees, former employers, logistics service providers, insurers and banks. For example, Mr. Wu was involved in an arbitration case which was fully concluded. For details, please refer to the section headed “Director, Supervisors and Senior Managements — Interests of Directors, Supervisors and Senior Management”.

In addition, on June 10, 2025, CATL initiated a lawsuit (“Lawsuit”) against the Company, Mr. Wu, and certain other parties, with regard to unfair competition. As of the date of this Document, the Company is in preparation for the incoming trial. Grandway Law Offices (“Grandway”) has been engaged by the Company as its litigation counsel and Tian Yuan Law Firm (“Tian Yuan”) has been engaged by the Company as to non-compete matter in involved. The allegations from CATL primarily include (i) the Company was founded by Mr. Wu during his non-compete restriction period as stipulated in the Non-Compete Agreement, which is referred to as Allegation 1, and (ii) together with other defendant companies, the Company, Mr. Wu and Ms. Lin Xiuhua circumvented CATL’s non-competition restriction and poached seven of its employees, which is referred to as Allegation 2. Grandway is of the view and Tian Yuan concurs that the risk for Allegation 1 to be in violation of Article 2 of the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) is low, and for Allegation 2 to be in violation of such Article 2 is low. Regarding the amount of damages as alleged by CATL, on the basis that, among others, evidences provided by the CATL as of the date of this Document are not sufficient to prove the relationship between its economic losses and the benefits acquired by the defendants from relevant conducts, Grandway is of the view and Tian Yuan concurs that, the compensations from the defendants to the plaintiff are likely to be less than RMB5 million. Furthermore, based on the analysis of Grandway and Tian Yuan and their view that the possibility for CATL to prevail in the Lawsuit

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is low, our Directors believe that it is not probable that the Lawsuit would lead to a cash outflow of the Company and therefore, no provision has been or will be made for the Lawsuit in our Company’s consolidated financial statements and monetary claims under the Lawsuit will be disclosed as contingent liabilities only. In the highly unlikely event that the Company is obliged to make the payment of an aggregate of RMB150 million to CATL as damages and also bear the relevant litigation fees and expenses as alleged by CATL (without taking into account the monetary compensations other defendants may bear), the Directors consider that the Group’s operation and financial performance would not be materially affected given that the potential compensation of up to RMB150 million (excluding the litigations fees the Company may bear) is not expected to have material adverse impact on the Company, which only represents approximately 1.2% of the total revenue of the Company for the year of 2024 and 3.5% in the cash and cash equivalents of the Company as of December 31, 2024. As such, in the worst scenario, the payment of the compensation amount as alleged by CATL is not expected to have any material adverse impact on the financial conditions of the Group. In light of the foregoing and based on the analysis and views of Grandway set out above, the Directors are of the view that (i) the allegations and claims from CATL are without merit in all material respects; and (ii) the Lawsuit will not have a material adverse effect on the Group’s business, financial condition or results of operation as a whole. For details, please see “Business — Legal Proceedings.” Nonetheless, in the event that CATL prevails in the Lawsuit, we could be subject to significant monetary compensations, disruptions in our R&D activities and business operation, damages to our brand image, among others, which could negatively affect our business, financial condition and results of operations. In addition, in September 2025, CATL initiated a total of seven lawsuits against the Company and certain employees of the Company who are not our Directors, Supervisors or senior management (the “Patent Lawsuits”), regarding a total of nine patents currently owned by us (“Relevant Patents”). In its claims under the Patent Lawsuits, CATL requested us to transfer ownership of Relevant Patents to CATL and to indemnify CATL for reasonable expenses related to the lawsuits with a total amount of RMB0.5 million. As of the date of this Document, the Company is in preparation for the incoming trials for the Patent Lawsuits. The Company has not applied Relevant Patents in any of its products, and is not planning to apply these patents in its future products. Therefore, we believe that the Patent Lawsuits will not have a material adverse effect on the Group’s business, financial condition or results of operations as a whole.

Any disputes involving us, our shareholders, affiliates, Directors, Supervisors, senior management and employees 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.

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We and our employees may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damages and incur other costs.

Our success is subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. From time to time, we and our employees 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. In addition, if we or our employees 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 or requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and 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 or our employees 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 protect our intellectual property rights may materially and negatively affect our business, results of operations and financial condition.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and comprehensive manner in the future. See “Business — Intellectual Property.” Despite our efforts to protect our proprietary rights, 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

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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. As a result, our business, financial condition and results of operation might be adversely affected.

If we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations could be materially and adversely affected.

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

Moreover, revenue generated from our five largest customers in each year/period during the Track Record Period amounted to RMB1,278.8 million, RMB3,087.7 million, RMB6,184.1 million and RMB2,594.8 million, respectively, representing 35.4%, 30.3%, 47.9% and 37.2% of our total revenue for the respective period. Revenue generated from our largest customer in the same periods were RMB348.1 million, RMB893.6 million, RMB2,239.7 million and RMB846.6 million, respectively, representing 9.6%, 8.8%, 17.3% and 12.1% of our total revenue for the respective period. See “Business — Sales, Marketing and Customers — Top Five Customers.” According to CIC, due to the nature of the ESS battery industry, major downstream customers of energy storage products are large power generation companies and grid operators, which are concentrated. As a result, we experienced a concentration of customers and are subject to relevant risks. We cannot assure you that our major customers will not diversify their suppliers, change their business scope or business model nor suspend their operation, or they will not encounter any operating or financial difficulties. Any material adverse changes in the business, operation, financial conditions and demands of our major customers may in turn have a material adverse effect on us.

We recorded net losses in the past, and we may not be able to maintain and improve profitability as expected.

We have incurred net losses from operations during the Track Record Period. We incurred net losses of RMB1,776.9 million and RMB1,975.0 million in 2022 and 2023, respectively. We have achieved profitability in 2024 and the six months ended June 30, 2025, with a net profit of RMB287.6 million and RMB212.8 million, respectively. We plan to continue to maintain and improve our profitability going forward. See “Business — Business Sustainability and Proven Path to Profitability.” However, such plans may not develop as timely and to the extent as expected, in which case we may not be able to maintain and improve profitability as planned or at all. In addition, these plans may be more costly than we expect, which may result in significantly increased expenses and affect our profitability and business sustainability.

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Potential unsatisfactory performance of or defects in our products may cause us to incur significant additional expenses and costs, result in product recalls, tarnish our reputation, expose us to product liability claims and cause our sales and market share to decline.

Our sales contracts normally require our customers to conduct inspection upon receipt. We also provide after-sales warranty for a period based on either number of charge cycles or years of usage. During the warranty period, we will provide free repair, maintenance or replacement for products with quality problems, subject to terms and regulations on the use and testing of the products. For details, see “Business — Sales, Marketing and Customers — Key Terms of Sales Agreement.”

If we experience a significant increase in product return incidents and/or warranty claims we may incur significant repair and replacement costs associated with such claims. In addition, our failure to maintain the consistency and quality throughout our production process could result in substandard quality or performance of our products. If we deliver our products with defects, or if there is a perception that our products are of substandard quality, we may incur substantially increased costs associated with returns or replacements of our products, our credibility and market reputation could be harmed, and our sales and market share may be materially adversely affected. This could have a material adverse effect on our business, financial condition and, results of operations.

We may be involved in product liability claims, and our product liability insurance may not be sufficient to cover potential liability from product liability claims.

Designing, manufacturing and sales of quality products that are safe and reliable is vital to our business. Faulty products could subject us to lawsuits of product liability claims, product recalls, or redesign efforts, all of which would be time consuming and expensive. A successful product liability claim against us could require us to pay for substantial damages. Product liability claims against us, whether or not successful, are costly and time-consuming to defend. In the event that our products prove to be defective, we may be required to redesign or recall such products. We cannot assure you that a product liability claim will not be brought against us in the future. A product liability claim, with or without merit, could result in significant adverse publicity against us, and could have a material adverse effect on the marketability of our products and our reputation, which in turn, could have a material adverse effect on our business, financial condition and results of operations. Moreover, we may not be fully indemnified or at all if liabilities arise from faulty components manufactured by our suppliers that are used in our products, or results from the faulty assembly by integrators.

Our product liability insurance to cover liabilities arising from product liability claims and product recalls may not be sufficient to cover potential claims. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product recalls and product liability claims could prevent or inhibit the commercialization of our products or could result in a loss of customers and decrease in revenue, unexpected expenses and a loss of market share. If any of our products are found to have reliability, quality or compatibility problems, we will be required to accept returns, provide replacements, provide

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refunds, or pay damages. We cannot assure you that we will be able to obtain or maintain adequate insurance coverage on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. In the event that our exposure to liabilities exceeds the coverage of our insurance, we may still be required to incur substantial amounts, which would materially and adversely affect our business, financial condition and results of operations.

Tensions in international trade and rising geopolitical tensions may adversely impact our business, financial condition, and results of operations.

During the Track Record Period, we generated revenues from customers across the globe, including China, the United States, Europe, among others. Some jurisdictions or organizations have through executive order, legislation or other governmental means, implemented measures that impose economic sanctions, tariffs, export or import controls against certain countries or regions or against targeted industry sectors, groups of companies or persons, and or organizations. Such sanctions laws and regulations are subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by sanctions authorities in the future, may adversely affect our ability to work with certain existing and future customers and suppliers, which in turn could negatively affect our business. Furthermore, our association with customers, suppliers or other relevant parties that are or become subject to such restrictions could subject us to actual or perceived reputational harm, which could materially and adversely affect our business, financial condition, results of operations or prospects.

The geopolitical tension in the regions where we operate or have significant interests may negatively impact our ability to adapt to the change in costs and global supply chains, and our global operation may be adversely affected by such geopolitical factors.

Our business is capital-intensive. The sources of our future financing can be uncertain, which may negatively affect our business operations and financial performance.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the purchase of equipment and construction of production facilities. To the extent that we expand or add new production facilities, we expect to fund the related financial commitments and other capital and operating expenses from the proceeds from banking facilities and the net [REDACTED] from the [REDACTED]. 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. In addition, our expansions require us to make pre-construction preparation and trial production input, as a result, during certain quarters we may incur higher working capital needs that may affect our working capital sufficiency. 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.

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If we fail to maintain optimal inventory levels and manage our inventory effectively, our inventory holding costs could increase 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, 2024, and June 30, 2025, we had inventories of RMB1,967.7 million, RMB1,420.5 million, RMB2,125.1 million and RMB4,296.7 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. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. During the Track Record Period, we recorded write-down of inventories of RMB3.9 million in 2022, RMB320.6 million in 2023, RMB205.1 million in 2024, and RMB74.6 million for the six months ended June 30, 2025. 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.

We may continue to face challenges in effectively managing our inventory, and any of the above may materially and adversely affect our business, results of operations and financial condition.

We may fail to recover our trade 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 receivables, net of impairment loss allowance, amounted to RMB223.2 million, RMB4,019.9 million, RMB8,314.5 million and RMB7,702.8 million, respectively. In 2022, 2023 and 2024 and the six months ended June 30, 2025, our trade receivables turnover days were 11.8 days, 78.6 days, 185.7 days and 227.9 days, respectively. The increase in our trade receivables turnover days during the Track Record Period was mainly due to rapid growth of our revenue in which the relating trade receivables balances increased proportionally and more diversified settlement terms, primarily extended the terms with overseas customers as we further expand into overseas markets. We recorded allowance for credit losses of trade receivables of RMB1.8 million, RMB147.1 million, RMB661.4 million and RMB683.3 million as of December 31, 2022, 2023, 2024, and June 30, 2025, respectively. See “Financial Information — Discussion of Key Balance Sheet Items — Trade, Bills and Other 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 business operation or financial condition of our customers deteriorate, or should a significant number of our customers fail to settle their trade 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,

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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 receivables from the customers or that they will settle our trade 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.

Our business is exposed to the supply-demand dynamics in the ESS industry; any adverse development of the supply-demand dynamics may materially and adversely affect the price of our products, our financial condition and results of operations.

Our results of operations have been and are expected to continue to be affected by downstream demand for energy storage. Strong growths in global ESS market were major drivers for our growth during the Track Record Period. The downstream demands for energy storage products are affected by many factors, including but not limited to government policies which promote the development of new energy and energy storage, and government subsidies to downstream players in supply chain of the industry.

There is no assurance that the downstream demand for our products will remain at the same level as we experienced during the Track Record Period which drove our revenue increase, or continue to increase in the future. If future market demand for energy storage products is materially adversely different from forecast, our business growth may also be limited, and our results of operations and financial condition may be materially adversely impacted.

In addition, if our customers experience declines in demand for their products, then the demand for our products will decrease correspondingly, which may result in underutilization of our production capacity, and materially and adversely affect our business, financial condition and results of operations.

We purchase certain key raw materials and components from third parties, and we may not be able to secure our supply of key raw materials in a stable and timely manner.

We currently purchase certain key raw materials and components needed for our products from third parties, primarily consisting of lithium iron phosphate, graphite, electrolytes, separators, copper foils and aluminum foils. However, we cannot assure you that our suppliers will be able to satisfy our future requirements of quality and quantity of raw materials on a timely basis. See “Business — Supply Chain Management — Procurement of Raw Materials.” Moreover, the prices of raw materials and components could fluctuate significantly due to circumstances beyond our control. 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 and components, produce the raw materials or components in-house or redesign our proposed products to manufacture available substitutes at reasonable 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.

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The price of raw materials for lithium-ion ESS batteries, represented by lithium carbonate and graphite, experienced a sharp rise from 2020 to 2022, and then gradually returned to a reasonable level in 2023. The current price tends to be stable. Between 2022 and 2024, the price of lithium carbonate declined from US\$72,600/ton to US\$13,000/ton, and the price of graphite decreased from US\$4,100/ton to US\$2,300/ton. For the six months ended June 30, 2025, the price of lithium carbonate and graphite further decreased to US\$12,200/ton and US\$2,200/ton, respectively. It is expected that the price of lithium carbonate and graphite will reach US\$10,500/ton and US\$1,700/ton by 2030, respectively. Prices of raw materials have a significant impact on our cost of sales. In 2022, 2023, 2024 and the six months ended June 30, 2025, material cost accounted for 82.1%, 79.3%, 77.0% and 80.0% of our total cost of sales for the respective periods. See “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Cost of Sales.” The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to 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.

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 capacity in a timely manner or at all as envisaged.

We expect to expand our production capacity to meet customers’ expected demands for our products. See “Business — Manufacturing — Planned Production Capacity Expansion.” 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 our products as disclosed in this Document. 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 cancellation of such plans, which may adversely affect our business, financial conditions and results of operations. See “— We may experience delays and/or failures in obtaining and renewing relevant governmental approvals, licenses, permits or others required for our new construction or expansion projects.”

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However, even if we manage to expand our production capacity as planned, there is no assurance that we may increase our production volume in a timely manner or at all as envisaged, which would result in the failure to lower marginal production costs. Our ability to increase our production volume 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;
- delays or failure in obtaining required approvals for production from relevant government authorities and/or regulatory bodies;
- 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.

Moreover, our product development, manufacturing and testing protocols are complex and require significant technological and production process expertise. Any change 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 volume. This may occur particularly as we introduce new products, modify our engineering and production techniques, 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 volume 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.

New legislations or changes in the regulatory requirements may affect our business operations and prospects.

New legislations or changes in the global regulatory requirements regarding our industry, as well as end markets in which our customers operate may affect our business, financial condition, results of operations and prospects. We may need to change or adapt our business focuses from time to time in response to the new rules and regulations regarding the end markets of our products, but we may also not be able to do so timely and efficiently. Any new legislations or changes in the regulatory requirements could materially and adversely affect our business, financial condition and results of operations.

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We, our business, shareholders, affiliates, Directors, Supervisors, management, other employees, suppliers, customers and other third parties may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenues.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand name and our business may be harmed by aggressive marketing and communications strategies of our competitors. Relevant laws and regulations also prohibit agreements and activities which amount to unfair business competition and an abuse of a dominant market position. We cannot assure you that we will not, in the future, be subject to such unfair business competition or dominant market position abuse imposed by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted on social media platforms or websites by anyone, whether or not related to us, on an anonymous basis. Customers may value readily available information concerning manufacturers, and their goods and services and may act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

Our manufacturing operations are subject to liabilities, delays and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities and natural disasters, extreme weather conditions, health epidemics and other catastrophic events.

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. Safety trainings provided to our employees may not be effective to prevent accidents. As our manufacturing process is 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. Any significant accidents involving heavy machinery and equipment could disrupt our production, tarnish our brand image and expose us to legal and regulatory liabilities. Our work-related injury insurance and medical insurance in place may not be sufficient to cover losses resulting from claims related to such accidents. See “— Our insurance coverage may not be sufficient to cover losses and liabilities arising from various operational risks and hazards.”

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In addition, we might also be held accountable for fines or penalties, medical costs, and other compensation to the workers and their families in the event of a probable industrial accident that results in serious property loss, personal injury, or death. Consequently, there could be a significant and adverse impact on our prospects, financial situation, results of operations, brand, and reputation.

Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, extreme weather conditions, wars, health epidemics, and other catastrophic events. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, 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.

Work stoppage, labor shortage, increases in labor cost and other labor related matters may have an adverse effect on our businesses.

Good working relationship with our employees across our business lines is crucial to our operations and success. We have not experienced any material work stoppages, strikes or other major labor problems during the Track Record Period. However, there is no assurance that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher on-going labor costs, which may have an adverse effect on our businesses, financial condition and results of operations. As of June 30, 2025, we had 7,765 full-time employees. We have established a labor union to protect the legal rights of all employees and encourage employees to participate in the management decision-making process. In addition, employees of some of our suppliers or customers may become unionized in the future or experience labor instability and we may not be able to predict the outcome of any future labor negotiations. Any conflicts between us and our employees’ labor union or between our suppliers and customers and their respective unions (if any) could have an adverse effect on our financial condition and results of operations.

Labor costs in regions where we operate have generally been increasing in recent years and could potentially continue to increase. If labor costs in these regions continue to increase, our production costs will increase. We may not be able to pass on these increased costs to customers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease, which could have an adverse effect on our financial condition and results of operations.

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Our operations depend on a stable, timely and adequate supply of energy at commercially reasonable prices.

We depend on the supply of energy to maintain our production processes. Our production volume and production costs are affected by price and supply of energy. The prices of energy are subject to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for energy, power consumption policies and local and national regulatory requirements. Significant increase in energy prices may have a material effect on our profitability and result in decrease of our profit margin, if we are unable to adjust the price of our products accordingly. Moreover, if the supply of energy is affected by natural disasters, adverse weather conditions, suppliers’ equipment failures, disruptions in transport or other inclement factors, we may not be able to identify and secure alternative sources of supply and/or at acceptable prices. We cannot assure you that unexpected and serious shortages of energy will not occur in the future. Any disruption in the supply of energy or fluctuation in energy prices may have a material adverse effect on our business, financial condition and results of operations.

Any failure to maintain an effective quality management system may materially and adversely affect our business, reputation, financial condition and results of operations.

Our product quality is critical to our success. Therefore, we have a quality management system in place. The effectiveness of our quality management system depends on a number of factors, including the design of the system, the equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality management policies and guidelines. We are required to comply with specific guidelines based on product safety and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. Our safety standards for the inspection of our products are also based on relevant national and industry standards. We cannot assure you that our quality management system will continue to be effective or in compliance with relevant laws and regulations and standards. See “Business — Quality Control.” Any significant failure in or deterioration of the efficacy of our quality management system could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our business, financial condition and results of operations.

We may experience delays and/or failures in obtaining and renewing relevant governmental approvals, licenses, permits or others required for our new construction or expansion projects.

We are required to obtain various approvals, permits, licenses and certificates throughout multiple stages of our new construction or expansion projects. Various completion inspections are also required before we commence production at our new facilities. Generally, such approvals, licenses, permits, certificates or inspections are only issued, renewed or completed after certain conditions have been satisfied. We cannot assure you that we will not encounter

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obstacles that delay us in obtaining or completing, or result in our failure to obtain or complete, the required approvals or inspections. In the event that we encounter significant delays in obtaining or renewing the necessary government approvals for any of our new construction or expansion projects, or fail to timely complete the inspections for our new production facilities, we will not be able to continue with our development plans or production activities, and our business, financial condition and results of operations may be adversely affected. Furthermore, under the relevant PRC land and property laws and regulations, we were required to obtain the real estate ownership certificates for our owned land and property, and to file the lease agreements for our leased properties. Failure to comply with the relevant laws and regulations may subject us to certain fines and penalties.

Some of the lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.

Under PRC law, all lease agreements are required to be registered with the local land and real estate administration bureau. However, the enforcement of this legal requirement varies depending on the local regulations and practices. Although failure to complete the registration and filing of lease agreements will not affect the validity of such leases or result in us being required to vacate the leased properties, the relevant government authorities may order us to complete registration or filing formalities and may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered agreement due to our failure to complete such registration or filing in prescribed period. As of the Latest Practicable Date, 15 lease agreements for production and operating purposes were not registered and filed with the relevant land and real estate administration bureaus in the PRC because the relevant lessors failed to provide necessary documents for us to register and file the leases with the local government authorities. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. For details, see “Business — Properties.”

Our products and solutions rely on software and hardware that are highly technical. If these systems contain errors, bugs or vulnerabilities, or if we are unsuccessful in addressing or mitigating technical limitations and cyber security risk in our systems, our business could be adversely affected.

Our products and solutions rely on software and hardware systems that are highly technical and complex and will require modification and upgrades over their service life. In addition, certain of our products depend on the ability of such software and hardware to store, retrieve, process and manage immense amounts of data. Such software and hardware may contain errors, bugs, design defects or vulnerabilities, and the systems are subject to certain technical limitations and cyber security risk that may compromise our ability to meet the designed objectives and breaches of our cyber security 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. Some errors, bugs or vulnerabilities inherently may be difficult to detect and may only be

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discovered after the code has been released for external or internal use. Our cyber security 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 notwithstanding our devotion in resources to develop our security. Our attempt to remedy any issues that we are able to identify in our products may not be timely, may hamper production, or may not be to the satisfaction of our customers. If we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our software and hardware, we may suffer damage in relation to our brand and reputation, loss of customers, loss of revenue or liability for damages, any of which could adversely affect our business and results of operations.

We are dependent upon third parties for utilities, various services and components in connection with our business.

We rely on third-party service providers for some services in connection with our business, such as warehousing and logistics. We obtain services from third-party service providers who we believe are able to meet our specifications and requirements. However, the services provided by any of the third-party service providers may not be provided in a timely manner and as we may have limited control on customers who may resell our products, the services provided by them may not be of satisfactory quality. If the third-party service providers do not perform satisfactorily, substantially reduce the amount and scope of their services, substantially increase the prices of their services, fail to comply with relevant regulations and restrictions or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in the unauthorized provision of services not complying with our requirements or that of our customers, our reputation in the industry will be affected. Our reputation in the industry will also be adversely affected if the third-party service providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, financial condition and results of operations.

In addition, we incorporate components manufactured by third parties into our products. If there are quality issues with respect to these third-party components included in our products, we may not discover the issue until after our products have been shipped and installed. In addition, we may have little or no recourse against these third-party suppliers arising out of warranty claims made by our customers. If the components manufactured by third parties could not satisfy our specification and quality standards, or if there is any delay in delivering such components to us on time which may in turn delay our shipments of products, our business, reputation and results of operations may be materially and adversely affected.

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

As a result of the highly specialized, technical nature of our business, our success depends on the continued services of our highly-skilled employees, senior management 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. As we are still a relatively young company, 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. In addition, if any of our key personnel joins a competitor or forms a competing company, we may lose some of our customers. We have entered into confidentiality and non-competition agreements with our key management and key employees. If any dispute arises between our key management and employees and us, we cannot assure you that these agreements could be enforced in the jurisdiction where most of our key management and employees reside and hold most of their assets.

We may not be able to detect or prevent fraud, bribery, corruption, or other misconduct committed by our employees, customers, suppliers or other third parties, which may subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses as a result of non-compliance with anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws, any of which could harm our reputation and business.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities. We may be exposed to fraud, bribery, corruption, or other misconduct committed by our employees, customers, suppliers or other third parties. We have adopted policies and procedures designed to ensure compliance all applicable laws and regulations. We have established relevant mechanisms to ensure the implementation of such policies and procedures, such as periodic review and reporting the issues identified including those related to our employees and other parties, collecting evidence and reporting to relevant authorities if there involves violation of applicable laws and regulations of our employees and other parties. However, our policies and procedures may not be sufficient, and our directors, officers, employees, suppliers, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

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Non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, any of which could materially and adversely affect our business, reputation, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover losses and liabilities arising from various operational risks and hazards.

Our operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials, which may result in fires, explosions, spills and other unexpected or dangerous accidents causing personal injuries or death, property damages, environmental damages and business interruption. Our insurance on properties, equipment, EHS (Environmental, Health, and Safety), fire and product liability are limited in scope and may not cover all claims relating to personal injury, property or environmental damage arising from incidents on our properties or relating to our operations. For risk exposure not covered by our insurance policies, we share the potential liability with counterparties in accordance with our agreements with such counterparties and applicable laws and regulations. See “Business — Insurance.” Any occurrence of these or other incidents which are not insured under our existing insurance policies could have a material adverse effect on our business, financial condition or results of operations.

We are also exposed to risks associated with product liability claims in the event that the use of our products results in injury. We may not have adequate resources to satisfy a judgment if a successful claim is brought against us. In the event that potential claims exceed the scope or amount of coverage under this insurance, our business could be materially and adversely affected. See “— We may be involved in product liability claims, and our product liability insurance may not be sufficient to cover potential liability from product liability claims.”

In addition, the normal operation of our production bases may be interrupted by accidents caused by operating hazards, power supply disruptions, equipment failure, as well as natural disasters. Any significant damage or interruption to these production bases could still have a material and adverse effect on our results of operations.

Compliance with environmentally safe production and construction and renewable energy development regulations can be costly, and non-compliance with such regulations may result in adverse publicity and potentially significant monetary damages, fines and suspension of our business operations.

Our business and operational activities, such as the production and sales of our products, storage and transportation of our products and raw materials, are governed by laws and regulations, administrative determinations, and similar constraints, especially the extensive environmental, handling of hazardous substances, chemical using laws and regulations. Moreover, we are required to obtain construction permits before commencing constructing production bases, and obtain the approvals from competent environmental protection

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authorities before commencing commercial operations of our production bases. We are also required to comply with renewable energy development regulations and directives. Compliance with the environmentally safe production and construction and renewable energy development regulations can be economically costly and time consuming, which may divert the attention and resources of our Directors and management for operation of our business, in turn adversely affect our business operation and financial performance.

Environmental, Social and Governance (“ESG”) matters, and unsuccessful management of such matters may impose additional costs and expose us to new risks.

Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or “sustainability” metrics. We may face reputational damage in the event our corporate responsibility initiatives or objectives, including with respect to board diversity, do not meet the standards set by our investors, shareholders, lawmakers, [REDACTED] or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third party rating services. Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks, including increased risk of investigation and litigation, and negative impacts on the value of our products and access to capital, which may put us at a commercial disadvantage relative to our peers.

We have been and continue to rigorously monitor a range of sustainability-related key performance indicators, setting up and monitoring ESG policies, strategies, principles and visions, and we have established an ESG committee to implement the ESG Policy, formulate ESG-related goals and organize their implementation. See “Business — Environmental, Social and Governance (“ESG”).” Implementing our ESG Policy may result in increased costs in our supply chain, fulfillment, and corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. In addition, standards and research regarding ESG strategies could change and become more onerous both for us and our third-party suppliers and vendors to meet successfully. As such, there can be no certainty that we will be able to meet our ESG or other strategic objectives in an efficient and timely manner or at all, or that we will successfully meet societal expectations in this regard.

Furthermore, new climate change laws and regulations could require us to change our manufacturing processes or procure substitute raw materials that may cost more or be more difficult to procure. Various jurisdictions in which we do business have implemented, or in the future could implement or amend, restrictions on emissions of carbon dioxide or other greenhouse gases, limitations or restrictions on water use, regulations on energy management and waste management, and other climate change-based rules and regulations, which may increase our expenses and adversely affect our operating results. We expect increased worldwide regulatory activity relating to climate change in the future. Future compliance with these laws and regulations may adversely affect our business and results of operations.

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Our dependence on commercial banks to extend our existing financing and provide additional financing exposes us to short-term funding risks, which may materially and adversely affect our operations.

We require significant cash flow and funding to support our operations. As a result, in addition to our operating cashflow, we may from time to time rely on bank and other borrowings, letters of credit and bills payable to provide working capital for our daily manufacturing operations. We are exposed to lending policy changes by these commercial banks. As of June 30, 2025, we had bank and other borrowings of RMB10,970.1 million.

In addition, government policies and initiatives on the ESS industry may affect the lending practices of commercial banks. If the commercial banks tighten their lending practices, or if they are no longer willing to provide financing to lithium-ion battery companies, including us, we may not be able to extend our short-term borrowings or make additional borrowings in the future. As a result, we may not be able to fund our operations to the same extent as in previous periods, which may have a material and adverse effect on our operations.

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 to deliver products. 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, 2024 and June 30, 2025, we had contract liabilities of RMB595.6 million, RMB100.1 million, RMB685.5 million and RMB1,431.5 million, respectively. See “Financial Information — Discussion of Key Balance Sheet Items — Contract Liabilities.” 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.

We have granted, and may continue to grant, share-based awards, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders’ stake.

In recognition of the contributions of our employees and to incentivize them to further promote our development, we have granted share-based awards to our employees. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we incurred share-based payments of RMB381.8 million, RMB34.0 million, RMB23.6 million, RMB13.3 million and RMB26.1 million, respectively. To further incentivize our Directors, senior management, key technicians and key employees, we may grant additional share-based awards in the future

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which may dilute the shareholding percentage of our existing Shareholders. Share-based payments in relation to the granting of share-based awards may also increase our expenses and therefore have a material and adverse effect on our financial performance.

The reduction, modification, delay or elimination of government subsidies, and other economic incentives may materially and adversely affect our business and financial results.

We recorded other income from government grants of RMB11.2 million, RMB101.0 million, RMB414.1 million, RMB120.3 million and RMB334.0 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Not all of the government subsidies are recurring in nature. See “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Other Income.” Policies and regulations adopted by the governments are important to the continuing success of our business. Existing incentive programs may be reduced or eliminated for economic, political, financial or other reasons. In addition, the provincial or local governments may delay the implementation or fail to fully implement central government regulations, policies or initiatives, and 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 subsidies in the future. If we are unable to receive the government subsidies 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.

Our operations are subject to and may be affected by changes in tax laws and regulations in jurisdictions in which we operate.

Our business is subject to risks associated with the tax laws and regulations of the countries in which we operate, including the risk of changes in tax laws, regulations, and policies, as well as the imposition of additional taxes, surcharges, or penalties. We may face evolving tax regimes in the countries or regions in which we operate, which could adversely affect our effective tax rate, transfer pricing, or exposure to additional tax liabilities. We strive to comply with applicable tax laws and regulations in each of the countries or regions in which we operate, but there can be no assurance that we will be successful in doing so, which could result in material adverse effects on our business, financial condition, results of operations and prospects. In addition, some of the jurisdictions in which we operate have rules on transfer pricing that require intra-group transactions to be conducted on arm’s length terms. While we believe that we have complied with these rules, there can be no assurance that tax authorities in these jurisdictions will not challenge our transfer pricing arrangements, which could result in additional taxes, interests, or penalties imposed on us. Such challenges could have a material adverse effect on our financial condition, results of operations and prospects.

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If we are unable to fully recover our contract assets, our liquidity and financial position may be adversely affected.

During the Track Record Period, we recorded contract assets from the sales of products, the receipt of the consideration of which is conditional. Contract assets will be transferred to receivables upon the expiration of warranty period when we have unconditional right to receive consideration from the customers. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had contract assets of RMB43.7 million, RMB160.6 million, RMB329.8 million and RMB516.8 million, respectively, primarily due to the growth of our overall business and sales volume of our energy storage products during the Track Record Period. See note 23 to the “Appendix I — Accountants’ Report.” We cannot assure you that the financial position of our customers will remain solvent or that we will be able to recover our contract assets in full or at all in the future. If we are unable to recover our contract assets, our liquidity and financial position may be materially and adversely affected, in particular as we have already incurred costs and expenses when conducting preliminary research and development for products and producing such products.

We recorded net operating cash outflow in 2022, 2023 and for the six months ended June 30, 2024. If we record net operating cash outflow in the future, our liquidity, financial condition and prospects may be adversely affected.

For the years ended December 31, 2022, 2023 and the six months ended June 30, 2024, we had net cash used in operating activities of RMB260.1 million, RMB1,746.4 million and RMB283.4 million, respectively. See “Financial Information – Liquidity and Capital Resources – Cash Flows” for further details. There is no assurance that we will not experience net cash outflows 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 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 the financing on terms acceptable to us, or at all.

We recorded net current liabilities and deficits in equity as of December 31, 2022.

As of December 31, 2022, we recorded deficits in equity of RMB1,637.0 million, and net current liabilities of RMB3,965.1 million. As of December 31, 2023, 2024 and June 30, 2025, we recorded total equity of RMB8,052.2 million, RMB8,458.1 million and RMB8,690.5 million, respectively, and net current assets of RMB3,718.1 million, RMB4,216.0 million and RMB3,405.4 million, respectively.

We cannot assure you that we will not record net current liabilities or deficits in equity in the future. A net current liabilities or deficits in equity position would expose us to liquidity risk. If we cannot obtain necessary funds to finance our operations, we may default on our payment liabilities, and our business, liquidity, financial condition, results of operations and prospects could be materially and adversely affected.

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Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have a material and adverse effect on our business and results of operations.

We are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data in various jurisdictions that we operate in. Any improper handling of personal information or any other information security incidents, such as unauthorized access to our database by hackers, could result in reputation damage and/or civil or regulatory liabilities that may have significant legal, financial and operational consequences.

During the Track Record Period and as of the Latest Practicable Date, we had complied with applicable laws and regulations relating to data security and privacy protection in material aspects. Regulatory requirements regarding the data security and data protection are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failures could damage our reputation, results of operations and business prospects and/or could lead to civil or regulatory liabilities. For details of cybersecurity-related regulations, see “Regulatory Overview — Regulations on Cybersecurity and Data Protection.”

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have implemented risk management and internal control systems, and adopted risk management tools available to us with respect to our business operations. However, there is no assurance that our risk management, internal control systems and risk management tools are adequate or effective to fully protect us against the potential risks inherent in our business. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations and prospects may be materially and adversely affected.

Further, the successful implementation of our risk management and internal control systems primarily depends on our management and employees. There is no assurance that our management and employees will strictly observe and adhere to relevant measures and policies. There is also no assurance that our management and employees will be able to carry out relevant measures and policies without human errors or mistakes. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in material and adverse effect on our business and results of operations.

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RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We are subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with the [REDACTED] and future capital raising activities.

On July 6, 2021, the General Office of the State Council together with another authority jointly promulgated the Opinion on Severely Punishing Illegal Activities in Securities Market (the “Securities Activities Opinions”) (《關於依法從嚴打擊證券違法活動的意見》), which calls for the enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”) and five supporting guidelines, which took effect on March 31, 2023. According to the Overseas Listing Trial Measures, we, as a PRC domestic company seeking to [REDACTED] and [REDACTED] securities in overseas markets, are required to file with the CSRC within three working days after submitting the [REDACTED] documents to the overseas supervisory authorities. In addition, the Overseas Listing Trial Measures also requires that subsequent securities [REDACTED] of an issuer in the same overseas market where it has previously completed overseas [REDACTED] and [REDACTED] shall be filed with the CSRC within three working days after the [REDACTED] is completed.

The interpretation, application, and enforcement of the Overseas Listing Trial Measures are still evolving and we are closely monitoring how they will affect our operations and our future financing. In addition, we cannot assure you that we will be able to complete all filing or report requirements in time or at all. Any failure to complete or delay in completing such filing or report procedures for the [REDACTED] or future financing activities would subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in the PRC, or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the [REDACTED] of our H Shares.

Changes in economic, political or social conditions could have a material adverse effect on our business and results of operations.

Our results of operations, financial condition and prospects are substantially affected by economic, political, and social conditions. In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the new energy industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to pressure from inflation. Any future calamities, such as natural disasters, outbreak of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect the economic growth in the world.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (the “**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 and its implementation regulations, non-PRC resident individual holders are subject to individual income tax at a rate of 20% on gains 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》) (Cai Shui Zi [1998] No. 61) 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, no aforesaid provisions have expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, no such individual income tax was levied by PRC tax authorities in practice. If such tax is collected in the future, the value of such individual holders’ [REDACTED] 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》) (the “**EIT Law**”) and its implementation regulations, a non-PRC resident enterprise that do not have establishments or premises in China, and those have establishments or premises in China but whose income is not related to such establishments or premises is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from us and gains derived from the disposition of H shares. 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

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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 [REDACTED]). 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. PRC tax authorities are responsible for interpreting and implementing the EIT Law and its implementation rules, 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’ [REDACTED] in H Shares may be materially and adversely affected.

Under the EIT Law, we cannot guarantee that we and our subsidiaries will continue to be classified as a “high and new-technology enterprise” (“High New Tech Enterprise”) of the PRC in the future. Such classification could result in unfavorable tax consequences.

We and our subsidiaries in China are generally subject to a general PRC EIT rate of at the statutory rate of 25%. Our Company and three of our PRC subsidiaries are qualified as High New Tech Enterprise in 2022, 2023 and 2024 (with two subsidiaries qualified in 2024), respectively, and are entitled to a preferential income tax rate of 15% for a period of three years from 2022 to 2024, from 2023 to 2025 and from 2024 to 2026 (with two subsidiaries covered from 2024 to 2026), respectively.

Despite being eligible for preferential tax rate as High New Tech Enterprise during the Track Record Period there is no assurance that our Company or relevant subsidiaries would successfully reapply for the certificates of high and new-technology enterprises so as to enjoy the preferential tax rate after the expiry of the certificates, in which case our Group and our subsidiaries will be subject to the normal enterprise income tax rate of 25% as for all PRC enterprises. The effective tax rate will therefore significantly increase, which may have a material adverse effect on our business, results of operations and financial condition.

It may be complex to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

Most of our Directors and executive officers reside within the PRC, and most of our assets and substantially all of the assets of those persons are located within the PRC. Due to the difference in legal systems, it may be difficult for [REDACTED] to effect service of process within certain jurisdictions outside the PRC upon us or those persons. Furthermore, the recognition and enforcement of a foreign judgement is subject to the satisfaction of certain conditions provided under the applicable PRC law, and the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, satisfying the conditions on the recognition and enforcement of a foreign judgement with the

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absent of treaties providing for the reciprocal recognition and enforcement in China or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult, as the case in many other jurisdictions.

On January 18, 2019, the PRC Supreme Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**PRC-HK 2019 Arrangement**”).

Under the PRC-HK 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the PRC-HK 2019 Arrangement. The outcome and effectiveness of any action brought under the PRC-HK 2019 Arrangement will be subject to the further review and verification of the local courts.

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

We receive substantial payments from our operations in mainland China in RMB and may need to convert Renminbi into other currencies to fund our business activities outside mainland China. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of mainland China are subject to certain regulatory requirements under PRC laws over foreign currency conversion and remittance. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to satisfy our foreign currency denominated obligations.

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. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of mainland China or otherwise fund any future business activities that are conducted in foreign currencies.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially and adversely affect our financial performance.

Our revenue and expenses are substantially denominated in Renminbi. We may need to obtain foreign currency to make payments of declared dividends, if any, on our Shares. In addition, our [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. The value of currencies against the Hong Kong dollar, the U.S. dollar and other currencies is based on rates set by the People’s Bank of China, which is affected by, among other things, changes in global and geographical political and economic conditions, supply and demand in the monetary markets, and economic and political developments domestically and internationally. It is difficult for us to predict how external factors in respect of markets or policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the

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U.S. dollar or other currencies in the future. The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Accordingly, fluctuations in exchange rates may adversely affect the value of and any dividends payable on, our Shares in Hong Kong dollars.

Failure to comply with the PRC regulations regarding contribution of social insurance premium or housing provident fund may subject us to fines and other legal or administrative sanctions.

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. Any failure to make such contribution may directly expose us to penalties imposed by the local authorities and/or legal claims raised by our employees.

The enforcement of PRC Labor Contract Law and other labor related regulations may materially affect our business, financial condition and results of operations.

Pursuant to the Labor Contract law of the PRC (《中華人民共和國勞動合同法》) and its implementation rules, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, overtime working hours limitations, determining the term of employees’ probation and unilaterally terminating labor contracts. The Labor Contract Law of the PRC and its implementation rules may limit our ability to terminate employments or to make other labor adjustments at will.

During the Track Record Period, we engaged third-party employment agencies to dispatch contract workers. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the “**Interim Provisions**”), the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers).

Pursuant to relevant PRC laws and regulations, if an employer violates regulations related to labor dispatch, the labor administration department will order it to make corrections within a specified period. Failure to make corrections within the given period may lead to a fine ranging from RMB5,000 to RMB10,000 per person. As of the Latest Practicable Date, all of our subsidiaries within our Group had less than 10% of contract workers. Even though we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from relevant PRC authorities during the Track Record Period and up to

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the Latest Practicable Date, we cannot assure you that the relevant PRC authorities will not take actions retrospectively against us for our past practice, which may adversely affect our business, results of operations and reputation.

If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and their liquidity and [REDACTED] maybe volatile.

Prior to the [REDACTED], there has been no [REDACTED] for our H Shares. The initial [REDACTED] for our H Shares to the [REDACTED] will be the result of negotiations between us and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of our H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to deal in, the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of our H Shares will not decline following the [REDACTED].

Furthermore, the price and [REDACTED] of our H Shares may be volatile. The following factors, among others, may cause the [REDACTED] of our H Shares after the [REDACTED] to vary significantly from the [REDACTED]:

- variations in our revenue, earnings and cash flow;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments in China and Hong Kong and in the global economy;
- fluctuations in [REDACTED];
- changes in analysts’ estimates of our financial performance; and

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- involvement in material litigation.

It is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, [REDACTED] in our H Shares may suffer substantial losses.

Normally, a [REDACTED] acting on behalf of the [REDACTED] may [REDACTED] or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the [REDACTED] of the [REDACTED] at a level higher than that which might otherwise prevail in the open market. However, given that we will not grant any [REDACTED] to the [REDACTED], no [REDACTED] has been appointed by us in connection to the [REDACTED] and it is anticipated that no price stabilization activities will be conducted by any [REDACTED], which may result in substantial losses for [REDACTED] during the period when price stabilization activities would normally have been conducted.

Substantial future sales or the expectation of substantial sales of our H Shares in the [REDACTED] and conversion of our Unlisted Shares into H Shares could cause the price of our H Shares to decline and could materially impair our future ability to raise capital through [REDACTED] of our H Shares.

Although our Single Largest Shareholders are subject to restrictions on their sales of Shares within 12 months from the [REDACTED] as described in “[REDACTED]” in this Document, future sales of a significant number of our H Shares by our Single Largest Shareholders in the [REDACTED] after the [REDACTED], or the perception that these sales could occur, could cause the [REDACTED] of our H Shares to decline and could materially impair our future ability to raise capital through [REDACTED] of our H Shares. We cannot assure you that our Single Largest Shareholders will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors or otherwise, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Single Largest Shareholders, or the availability of Shares for sale by our Single Largest Shareholders, or the issuance of Shares by the Company may have on the [REDACTED] of the Shares. Sale or issuance of a substantial number of Shares by our Single Largest Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing [REDACTED] of the Shares.

We are currently applying for part of the Company’s Unlisted Shares to be converted into H Shares after the completion of the [REDACTED]. According to the PRC Company Law, the Unlisted Shares issued by the Company prior to the [REDACTED] are restricted from [REDACTED] within one year from the [REDACTED]. Such restriction from [REDACTED] will limit the number of H Shares to be circulated on the market, which will in turn adversely affect the liquidity of the H Shares during such restriction period. If our [REDACTED] for the circulation of our relevant Unlisted Shares on the Hong Kong Stock Exchange after the completion of the [REDACTED] is successful, any future sales (after the expiration of the restrictions set out above) of Unlisted Shares by relevant Shareholders in the [REDACTED] may affect the [REDACTED] of our H Shares. Moreover, if we convert a substantial amount

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of Unlisted Shares into H shares to be [REDACTED] and [REDACTED] in the future on the Hong Kong Stock Exchange, it may further increase the supply of the H shares in the market, which may adversely affect the [REDACTED] of 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 [REDACTED] from the [REDACTED], 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.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors’ perception of, and demand for, securities of battery producers;
- conditions in Hong Kong and other capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- the applicable governmental regulation of foreign investment in new energy sectors;
- economic, political and other conditions in China and globally; and
- the applicable governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell debt or additional equity securities or reduce our growth to a level that can be supported by our cash flow, or defer planned expenditures.

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As the [REDACTED] of our H Shares is higher than our consolidated net tangible asset book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if we issue additional Shares in the future to raise additional capital.

Future sale or major divestment of Shares by our Single Largest Shareholders may materially and adversely affect the prevailing [REDACTED] of our H Shares.

Our Shares held by our Single Largest Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed “[REDACTED]” in this Document. However, there is no assurance that after the restrictions of the lock-up periods expire, our Single Largest Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the [REDACTED], or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our H Shares.

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

Our Single Largest 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 [REDACTED], our Single Largest Shareholders will be entitled to exercise approximately [REDACTED]% 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 our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Single Largest Shareholders may differ from the interests of our other Shareholders. It is possible that our Single Largest Shareholders 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.

We cannot assure you whether and when we will declare and pay dividends in the future.

While dividends may be paid out of distributable profits under our Articles of Association, no dividends were distributed during the Track Record Period. Distributable profits mean our net profits for a period, plus the distributable profits or net of the accumulated losses, if any, at the beginning of such period, less statutory reserve fund appropriations to general risk reserve, transaction risk reserve, and discretionary surplus reserve (as approved by our shareholders’ meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our shareholders, even if our financial statements prepared in accordance with IFRSs indicate that our operations have been profitable.

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Furthermore, future determination of dividends will also depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, capital adequacy ratio, operation and capital expenditure requirement and other factors that our Board consider relevant. We cannot assure you that the factors we take into consideration will not change in the future.

Certain facts, forecast and statistics contained in this Document are derived from publicly available sources from official government publications and they may not be reliable.

Certain facts, forecast and statistics contained in this Document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this Document. However, the information from the official government sources have not been prepared or independently verified by us, the Joint Sponsors, [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this Document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

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

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

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[REDACTED] should read the entire Document carefully and should not consider any particular statements in this Document or in published media reports without carefully considering the risks and other information contained in this Document.

Prior to the publication of this Document, there has been coverage in the media regarding us, the [REDACTED] or our Single Largest Shareholders, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this Document. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained in this Document only and should not rely on any other information.