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OVERVIEW

Who We Are

We are a leading global new energy technology company driven by innovation, dedicated to providing all-round energy storage solutions centered around energy storage batteries and systems. Since our establishment, we have remained dedicated to the energy storage sector and steadfastly implemented a globalization strategy. As the only pure-play energy storage company with a GWh-level global shipment volume of lithium-ion ESS batteries, we offer high-quality products and solutions to customers in over 20 countries and regions. We have developed strong research, production, sales and service capabilities in key global markets. In 2024, we are the world’s third largest energy storage company in terms of lithium-ion ESS battery shipments according to CIC, reflecting our rapid growth and market presence in the global energy storage industry. In 2024, the shipment volume of our ESS batteries was 35.1GWh, representing a rapid growth from 2022 to 2024 at a CAGR of 167%. For the six months ended June 30, 2024 and 2025, the shipment volume of our ESS batteries was 8.5GWh and 30.0GWh, respectively, representing a period-to-period increase of 252.9%.

Strategic Focus

Only Pure-player in the World¹

The only pure-play energy storage company with a GWh-level global shipment volume of lithium-ion ESS batteries

3rd in the World¹

In terms of global lithium-ion ESS battery shipments in 2024

Global Footprint

20+ Countries and Regions

Provide energy storage products and solutions to customers in over 20 countries and regions

First Chinese company to set up production capacity for energy storage systems in the United States¹

Our R&D Capabilities

Advanced Energy Storage Products¹

First mass-produced 314Ah ESS batteries

First to launch long-duration ESS batteries with capacities exceeding 1,000Ah

First to launch sodium-ion utility-scale ESS battery with cycle life exceeding 20,000 cycles

4,300+

Global patents and patent applications

1,030+

Number of R&D staff

Our Growth

167%

CAGR of ESS battery shipment volume from 2022 to 2024

13 Months²

From construction to production at full capacity

Note 1: According to CIC.

Note 2: Our Chongqing production base (Phase I) commenced construction in November 2022 and the first two production lines reached full capacity in December 2023, taking only 13 months.

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The global energy structure is undergoing profound changes, and the energy storage industry is playing a vital role in the construction of new power systems and the development of new energy, ushering in vast market opportunities. Our three core strategies — focus on energy storage, globalization, and R&D innovation building competitive barriers. In our globalization journey, we are committed to deeply understanding local cultures, customer preferences, and market dynamics in each region. We actively embrace diverse markets, respect and integrate into local communities, and establish strategic partnerships with local enterprises and institutions, laying a solid foundation for our long-term global development.

- ***Strategic Focus on Energy Storage.*** Since our inception, we have strategically focused on the energy storage market, aspiring to become the world’s leading energy storage brand. Through our strategic focus and deep expertise in the energy storage sector, we have gained a profound understanding of the industry’s fundamental logic and core challenges, developed deep insights into global energy storage customer needs and application scenarios, and have become a comprehensive energy storage solutions provider centered around energy storage batteries and systems.
- ***Continual Implementation of Globalization Strategy.*** Guided by our globalization strategy since day one, we have become one of the few energy storage technology companies that have achieved global operations covering the entire value chain, including R&D, product development, production, supply chain, marketing, delivery, and operation and maintenance services. Going forward, we will further enhance localized operations globally, in particular in key markets like the U.S. and Europe. We will continuously strengthen our international competitiveness through regional resource integration and agile response to local customers. As a result, we offer global customers with highly adaptable, full-lifecycle energy storage solutions. In 2024, our overseas revenue has experienced tremendous growth and accounted for 28.6% of our total revenue in the same year. Overseas business has already become an important part of our business development and revenue contribution.
- ***R&D Innovation Building Competitive Barriers.*** We have established four research institutes and one solution center, which empower us to achieve in-house development and innovation across the entire value chain, from materials to batteries, energy storage systems, processes and solutions. We have been at the forefront of launching and mass-producing a series of industry-leading products including long-duration energy storage (“LDES”) batteries and systems, as well as sodium-ion energy storage batteries and systems. We have contributed to the development of many national and industry standards for LDES batteries and sodium-ion ESS batteries.

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Our Products and Solutions

We always adhere to a customer-centric approach, providing a series of benchmark energy storage products and solutions tailored to different application scenarios, covering the entire industry chain from ESS batteries to energy storage systems and solutions.

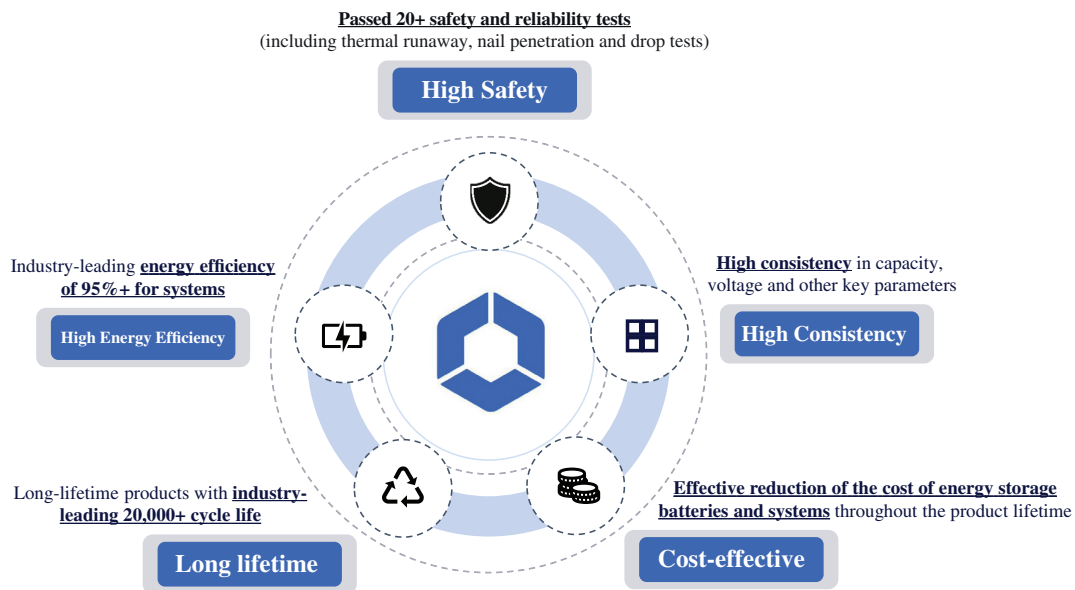
- ***ESS Batteries.*** As the core component of electrochemical energy storage systems, the performance of ESS batteries is key to operational efficiency of energy storage stations throughout their lifecycle. We focus on the innovation and development of ESS battery technologies and products, offering a comprehensive product matrix. We were among the first in the industry to provide 280Ah ESS batteries for utility-scale energy storage projects, and among the first in the industry to provide 314Ah ESS batteries for utility-scale overseas energy storage projects. In line with the evolution of new power systems, we launched the ∞Cell 587Ah ESS battery tailored for large-capacity storage. Targeting at the broad opportunities brought by LDES scenarios, we introduced the industry’s first ∞Cell 1175Ah ESS battery. Additionally, as a result of our technological breakthroughs, we have introduced the world’s first sodium-ion utility-scale ESS battery with a cycle life exceeding 20,000 cycles, which can be applied in extreme and complex scenarios such as high temperatures, extreme cold, and high charge/discharge rate.
- ***Energy Storage Systems.*** On top of ESS batteries, we provide all-round energy storage systems with leading capabilities that can be applied in power stations, grids, data centers, commercial and industrial, and residential scenarios. Our energy storage system technological and product R&D investment focuses on energy storage digital applications, synergistic software-hardware development, and integration of application scenarios. Our 5MWh liquid-cooling energy storage system, has established the current standard specifications in the energy storage industry, advancing the technical standardization process across the sector. Furthermore, our global debut of the ∞Power 6.25MWh long-duration energy storage system is characterized by five key features: high safety, cost effectiveness, high compatibility, easy maintenance, and environment-friendly. We expect its large-scale application will further expand our market presence.
- ***Energy Storage Solutions.*** We further extend downstream in the industry value by offering energy storage solutions. As a result of the platform-based architecture of our energy storage systems with flexible function modules, we provide customized energy storage solutions to customers, catering their diverse needs in different application scenarios. Meanwhile, we focus on every aspect across the entire solution – from system planning to operation and maintenance support – providing customers with integrated energy storage solutions and assisting them in achieving low-carbon energy management. For example, we have launched ultra-quiet system solutions targeted at European users; for users in the Middle East, we have introduced “Desert Eagle” solutions suitable for local ecological environments.

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Our Technological and Production Platform

We are committed to investing in R&D for key areas such as material system, battery design, system architecture and manufacturing process. By leveraging our proprietary R&D framework, we have achieved significant advances in safety, energy efficiency, consistency, lifetime, and cost-effectiveness. This has enabled us to develop a unique technical ecosystem and introduce competitive products.



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To industrialize the aforementioned key technologies, we invest heavily into advanced manufacturing technologies in areas such as equipment efficiency, production line configuration and automation, establishing high-efficiency, high-quality, and cost-effective intelligent manufacturing capabilities. As a result, we have successfully iterated four generations of intelligent factories within three years, allowing us to achieve stable, large-scale production with efficient process and equipment, thereby improving manufacturing efficiency.

For more information about our technologies and advantages, please refer to “— Research and Development — Key Technologies.”

Our Global Footprint

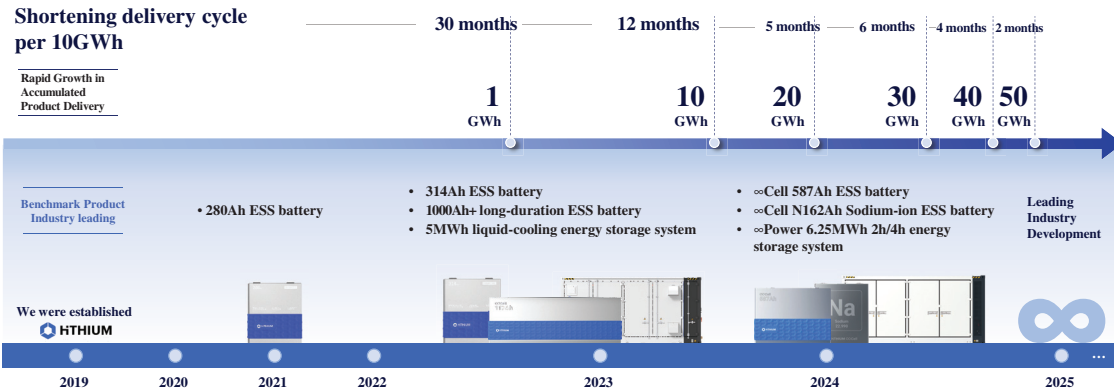
We are a global energy storage enterprise. Leveraging our advanced products and strong technical expertise, we are committed integrating into local communities. We have successfully entered core global markets such as China, the United States, and Europe, while actively exploring emerging markets in the Middle East, Africa, Oceania and South America. We have become one of the few energy storage technology companies that have achieved global operations covering the entire value chain, including R&D, product development, production, supply chain, marketing, delivery, and operation and maintenance services. We are the first Chinese company to set up production capacity for energy storage system in the United States. Currently, we have provided products and solutions to customers in over 20 countries and regions. Our overseas revenue has increased from RMB33 thousand in 2022 to RMB101.1 million in 2023, and further to RMB3,700.1 million in 2024. Moreover, our revenue from overseas increased significantly from RMB70.7 million for the six months ended June 30, 2024 to RMB1,221.0 million for the six months ended June 30, 2025.

Our Growth

Our strategic focus on energy storage has endowed us with deep insights and efficient execution capabilities. We have built a robust operational system that quickly strengthens our competitive advantages. In just five years of establishment, we have become the third largest global energy storage company in terms of lithium-ion ESS battery shipments in 2024, according to CIC. From 2022 to 2024, we experienced rapid growth in shipment of lithium-ion ESS batteries with a CAGR of 167%. For the six months ended June 30, 2024 and 2025, the shipment volume of our ESS batteries was 8.5GWh and 30.0GWh, respectively, representing a period-to-period increase of 252.9%.

In product R&D, we overcome numerous technological challenges efficiently, successfully developing multiple ESS batteries including 280Ah, 314Ah, ∞Cell 587Ah, ∞Cell 1175Ah long-duration ESS batteries, and ∞Cell N162Ah sodium-ion ESS batteries, as well as multiple energy storage systems like the 5MWh liquid-cooling energy storage system and the ∞Power 6.25MWh long-duration energy storage system. As a result, we have established strong technical barriers and solidified our leading position in the industry. In terms of production capacity, we have efficiently executed the construction of production lines. Our Chongqing production base (Phase I) only took 13 months from construction to production at full capacity. Moreover, we iterated four generations of intelligent factories within three years, effectively driving the rapid growth of our sales volume globally.

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Our Market Opportunities

With rapid advancement in global transportation, manufacturing and AI, worldwide electricity demand is rising strongly and power supply is expanding accordingly. The global energy structure is undergoing unprecedented transformation, shifting from reliance on fossil fuels to clean and renewable energy, primarily wind and solar, due to their low emissions, renewability, wide geographic availability and accessibility. Such shift presents significant market opportunities for the energy storage industry. Continued technological improvement and large-scale deployment will improve the cost-efficiency of energy storage solutions and position the sector for sustained high growth.

From the perspective of energy storage technology development trends, the increasing demand for new power systems has made LDES technologies of 4 hours or more an important development direction. This technology represents a key pathway for overcoming the bottlenecks associated with renewable energy consumption. As a cornerstone of the new power system, lithium-ion batteries will continue to lead in the near term, while commercial adoption of alternative technologies, such as sodium-ion batteries will be promoted. Integrated, long-duration solutions combining multiple storage technologies will strengthen overall competitiveness and provide robust technical support for more stable, more cost-effective energy systems. According to CIC, it is estimated that by 2030, long-duration ESS batteries will comprise 40.0% of the shipment volume of lithium-ion ESS batteries, emerging as a key product in the market.

In terms of application scenarios, large-scale integration of renewable energy into the grid, rising electrification level, and significant volatility in power loads of data centers pose challenges to power systems' capacity and regulation capabilities. It also creates diverse application scenarios for energy storage, driving rapid growth in the energy storage market. The development of data centers face three core challenges in terms of power capacity, including rapidly rising power demand, transition towards green energy, and highly fluctuating AI training loads. As energy-extensive consumption facilities, data centers require stable, flexible and high-quality power supply, which may not be fully addressed by traditional grids. With the significant growth in energy consumption as a result of the rising AI computing

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power, there is a growing demand for low-carbon emission while maintaining efficient, reliable, and cost-effective operations for data centers. Going forward, data center energy supply is expected to shift toward renewable energies such as wind and solar, with energy storage serving as the key enabler of this transition. Direct connection of energy storage solutions to renewable power generators demonstrates clear advantages in coordinating power supply, storage and load: it reduces fluctuations in power generation and load, maintains power quality and supply stability, and delivers faster response times better suited to future intelligent computing data centers. Moreover, the latest lithium-sodium hybrid storage systems can deliver high charge/discharge rate in short durations, flexibly accommodate large load swings in AI computing workloads, and integrate power storage and reserve with backup batteries.

According to CIC, global shipments of lithium-ion ESS batteries are expected to rise from 314.7GWh in 2024 to 1,451.3GWh in 2030, demonstrating a CAGR of 29.0%. In light of the significant opportunities within the global energy storage market, we will steadfastly uphold our globalization strategy, accelerate localized operations, and drive technological advances, ensuring our continued growth and development.

Our ESG Initiatives and Endeavors

ESG represents our commitment to long-term development and sustainable business operations. It is also the foundation of high-quality growth for enterprises. Since our inception, we have been dedicated to promoting the widespread application of renewable energy, reducing carbon emissions and environmental impacts, accelerating global energy transition, and achieving energy equity. We continuously implement ESG initiatives, integrating them into all aspects of corporate strategy and operations.

Environmental-wise, we reduce environmental impacts throughout the product lifecycle through advanced technologies and supply chain optimization, advancing carbon neutrality goals. We provide high-efficiency energy storage solutions for large-scale clean energy bases globally, driving the transition to sustainable energy systems. Social-wise, we foster an equitable and sustainable social ecosystem by enhancing employee training, nurturing a diverse and inclusive culture. This initiative breaks traditional energy barriers, delivering sustainable power to underserved regions and advancing energy equity. Governance-wise, we uphold compliance and integrity, strengthen internal controls and risk management, and ensure transparent and timely information disclosure to elevate governance standards. Building on this foundation, we launched the “HIMPACT 2037” sustainability strategy, closely aligned with the UN Sustainable Development Goals (SDGs), to achieve ambitious ESG milestones by 2037.

To ensure the effective implementation of our sustainable development strategy, we have established a three-tier management framework comprising the ESG Committee, ESG Management Department, and ESG Task Forces, which encompasses the decision-making, management, and execution levels. This structure facilitates seamless coordination among these levels, ensuring that our ESG strategy receives robust support from the highest tier of decision-making. With efficient execution and collaborative operations, the strategy is embedded in every aspect of our corporate operations.

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Our Financial Performance

During the Track Record Period, we have achieved rapid growth and remarkable financial performance. Our operating revenue surged from RMB3,614.9 million in 2022 to RMB12,916.8 million in 2024, representing a CAGR of 89.0%. Our gross profit increased significantly from RMB410.3 million in 2022 to RMB1,237.8 million in 2023, and further to RMB2,308.6 million in 2024, with an improved gross profit margin from 11.3% in 2022 to 12.1% in 2023 and further to 17.9% in 2024. We achieved profitability with a net profit of RMB287.6 million in 2024, as compared to net losses of RMB1,776.9 million in 2022 and RMB1,975.0 million in 2023. We recorded adjusted net profit (a non-IFRS measure) of RMB318.0 million in 2024, as compared to adjusted net losses (a non-IFRS measure) of RMB104.6 million in 2022 and RMB225.2 million in 2023. For the six months ended June 30, 2024 and 2025, our operating revenue amounted to RMB2,147.6 million and RMB6,971.2 million, respectively, demonstrating robust period-to-period growth of 224.6%. Our gross profit surged from RMB78.1 million to RMB916.3 million, reflecting a period-to-period growth of 1,073.4%. We achieved a significant turnaround in profitability, recording a net profit of RMB212.8 million for the six months ended June 30, 2025, as compared to a net loss of RMB608.2 million for the six months ended June 30, 2024. Similarly, we recorded adjusted net profit (a non-IFRS measure) of RMB246.6 million for the six months ended June 30, 2025, as compared to adjusted net losses (a non-IFRS measure) of RMB594.9 million for the six months ended June 30, 2024.

OUR STRENGTHS

We believe that the following competitive advantages contribute to our success and distinguish us from competitors:

Global Enterprise Focused on Energy Storage

With deep industry insights and strategic vision, we strategically decided to, and have continued to, focus on energy storage since our inception. By unwaveringly dedicating to energy storage, we have built unique core competencies that have translated into significant competitive barriers, enabling us to grow into the world’s third largest energy storage company in terms of lithium-ion ESS battery shipments in 2024 according to CIC.

- ***Agile Response to Market:*** With our deep understanding of the energy storage industry, we can quickly capture market trends and customer needs, and adjust strategies and product matrix accordingly. This agility allows us to stand out in a competitive market and quickly gain market share. For instance, since our inception, we have identified growth opportunities in overseas energy storage markets, such as the United States. By efficiently and effectively integrating regional resources and establishing localized operations, we swiftly introduced energy storage products tailored to local market needs. Our 5MWh liquid-cooling energy storage system in the U.S. market has become a benchmark and standard specification within the

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industry. Driven by our exceptional product performance and outstanding service capabilities, we have rapidly enhanced our market share in the U.S. and other international markets, creating a seamless transition from strategic foresight to market leadership.

- ***Rapid Technological Iteration and Product Innovation:*** Our dedicated focus on energy storage allows us to concentrate resources into R&D, facilitating rapid technological advances and product enhancements. This enables us to release high-performance, reliable energy storage products that address industry challenges. As pioneers in deploying 280Ah and 314Ah ESS batteries for large-scale applications, our products are widely recognized in key global markets, including China, the United States, and Europe. Through our dedicated focus on energy storage, we have continually developed and introduced innovative products, such as the ∞Cell 587Ah ESS battery, the ∞Cell 1175Ah long-duration ESS battery, and the ∞Cell N162Ah sodium-ion ESS battery.
- ***Efficient Delivery and Service:*** We offer high quality service spanning the entire project lifecycle. Our service matrix — encompassing system planning, solution customization, project delivery, and operation and maintenance assurance — ensures the high-quality execution of energy storage projects, delivering an exceptional experience to our customers. We are among select few companies in the energy storage sector to receive the prestigious “NECAS National Product After-Sales Service Compliance Certification Five-Star” and the “CTEAS After-Sales Service System Improvement Degree Certification Seven-Star (Excellence),” which signifies our exceptional delivery and service capabilities across the globe. To effectively address the challenges of international operations, we have built a robust localized service ecosystem, with team members fluent in local languages and well-versed in regional market demands. This capability allows us to respond swiftly to customer needs, providing outstanding localized service that overcomes cross-border barriers and fosters a trustworthy brand image worldwide.

Deep Presence in Key Global Markets with Localized Operations

Amid the global shift toward low-carbon energy, the share of renewable energy in power supply is steadily rising. As a crucial element in power systems, energy storage has witnessed unparalleled growth globally. To capture such opportunities, we have established global presence in key markets, including China, the United States, and Europe. We are also actively exploring emerging markets in the Middle East, Africa, Oceania and South America, which has significantly enhanced our operational efficiency, mitigated risks, and allowed us to swiftly capture greater market share while achieving sustainable growth.

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- **R&D:** We have established multiple domestic and overseas R&D branches, effectively leveraging global talent to create a world-class R&D system and enhance our product localization and design capabilities. Our R&D teams in Xiamen and Shenzhen, China are dedicated to developing the next generation of energy storage products and related technologies, while our U.S. R&D team focuses on regional solutions, high-end products, and the development of high-standard testing platforms.
- **Products:** We adhere to a customer-centric business philosophy in our global operations. We provide customized energy storage solutions to customers from different counties and regions, catering their diverse needs in different application scenarios. For example, we have launched ultra-quiet system solutions targeted at European users; for users in the Middle East, we have introduced “Desert Eagle” solutions suitable for local ecological environments.
- **Production Capacity:** We have been expanding our production capacities across the globe. We have invested in a 10GWh energy storage system factory in the United States, making us the first Chinese company to establish production capacity for energy storage systems in the country. In July 2025, this facility commenced mass production.
- **Supply Chain:** We are dedicated to partnering with domestic industrial chain stakeholders to build global service capabilities. Through technology empowerment and co-developing a comprehensive quality control system throughout the supply chain, we establish long-term mutually beneficial relationships with key suppliers. Meanwhile, we establish an open, collaborative supply chain system, and have assembled a global procurement team to align production construction, local supply chain establishment and ESG policy implementation. This approach allows us to consistently meet ESG requirements in global markets.
- **Marketing, Delivery and Services:** We are continuously expanding our global marketing and service network, providing localized marketing and professional technical services to customers worldwide through multiple service points across regions including China, the U.S., Europe and Oceania. For example, in the U.S., we have established an integrated service network with four regional warehouses as strategic hubs. We are also establishing intelligent warehouse management systems enabling 24-hour precise allocation of spare parts. At the same time, we have formed strategic alliances with eight local leading service providers, expanding our reach across the Americas, providing 48-hour emergency response and technical support across the product lifecycle. Through linking warehousing hubs with localized resources, we have built an efficient localized delivery and operation and maintenance system that can efficiently and promptly meet customer needs.

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With a global R&D system, industry-leading products, efficient and replicable production capacity, collaborative global supply chain systems, and comprehensive marketing and business networks, we gain in-depth insights into the culture, customer preference and regulatory requirements of target markets. Accordingly, we can effectively customize our energy storage product designs, marketing strategies, and service processes. As a result, we are able to meet local market demands more effectively, and foster our strong adaptability in the global marketplace.

High-Quality Global Customer Base

We adhere to a customer-centric business philosophy. With in-depth understanding of the operational models and pain points of project owners and developers across various application scenarios, our R&D efforts, product design, and service system enable us to deliver energy storage products and solutions that offers maximize value to customers. Additionally, we continuously explore collaborative models, establishing a diversified service framework. This approach not only reduces customer decision cycles and costs but also enhances project profitability while minimizing long-term operational expenses, fostering a mutually trusting community that differentiates us in the competitive market. As of the Latest Practicable Date, we have obtained multiple certifications, including China’s GB/T 36276, North America’s UL 9540A, and Europe’s IEC 62619, and have successfully delivered products to over 20 countries and regions.

Since our establishment, we have quickly established a fast-growing and high-quality customer base. In the international market, we serve leading energy storage integrators and companies, such as Jupiter Power, Lightsource BP, and Samsung C&T. In China, we collaborate with leading customers including China Datang Corporation, China Electrical Equipment Group and Longyuan Power.

Through our global presence, we have participated in several benchmark projects. In the United States, we participated in multiple energy storage projects with capacities exceeding 400MWh in Texas, which was highly recognized by international customers and illustrated the replicability of our energy storage solutions. In Europe, our products are used in the 55MWh Razlog project, impressing European clients with strong and reliable product performance. In Australia, we provided solutions for the 640MWh Woolooga energy storage project using our 5MWh liquid-cooling energy system.

R&D Capabilities Driving Product Innovation

We have built proprietary R&D capabilities that encompass material system upgrades, battery design optimization, system architecture innovation, and customized solutions. We are committed to the development of innovative and cutting-edge energy storage technologies. Through in-depth insights and integration across the entire supply chain, our technological capabilities span from materials to solutions, enabling us to achieve advances in critical aspects such as safety, energy efficiency, consistency, lifetime, and cost. For example, at the material and battery levels, we enhance overall battery performance — improving lifetime, energy

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efficiency, and cost — through synergistic optimization in material development and battery design. At the manufacturing process and equipment level, we focus on developing and introducing advanced process equipment technology, AI smart manufacturing technology, etc. to improve product quality and consistency and reduce manufacturing costs. At the system and control levels, we focus on battery management, energy management, power conversion, and thermal management technologies, boosting energy efficiency and safety. As a result, our energy storage products achieve industry-leading performance in terms of thermal safety. Additionally, at the solution level, we modularize energy storage products to meet specific needs from different countries and regions, allowing for rapid customization and flexible configurations of energy storage solutions for various scenarios. Finally, in the area of advanced materials and emerging technologies, we are engaged in the R&D and industrialization of key advanced materials and innovative energy storage technologies, including sodium-ion ESS batteries and battery recycling.

Leveraging our robust technological innovation capabilities, we have introduced a series of advanced products and solutions. For instance, in ESS batteries, we pioneered the use of the 280Ah ESS battery in large-scale projects and were among the first mass-produce the 314Ah ESS battery. We also developed the ∞Cell 587Ah ESS battery and the industry’s first ∞Cell 1175Ah long-duration ESS battery, specifically designed for large-capacity storage in 2-hour and 4-hour scenarios, respectively. In terms of energy storage systems, we introduced 5MWh liquid-cooling energy storage system for international markets, which has become a benchmark and standard specification within the industry. Furthermore, we launched ∞Power 6.25MWh, the world’s first long-duration energy storage system featuring batteries with capacities exceeding 1,000Ah, according to CIC, and achieved mass production in the second half of 2025. In terms of cutting-edge energy storage technology, we introduced the first sodium-ion utility-scale ESS battery with a cycle life exceeding 20,000 cycles. This battery offers exceptional energy efficiency, high discharge rates, enhanced safety, a broad temperature range, and other performance advantages, making it ideal for energy storage applications in extreme temperature environments.

Underpinning this series of achievements is our highly skilled and experienced R&D team, supported by continuous investments in research and development. We have assembled 1,038 experienced technical talents, with 31.4% holding master’s degrees or higher. Since our inception, we have consistently increased our investments in technology and product development, with cumulative R&D expenditures totaling over RMB1.2 billion from 2022 to 2024 and reaching approximately RMB1.5 billion as of June 30, 2025. As of June 30, 2025, we have submitted 4,336 patent applications globally including a total of 2,118 patents granted.

Optimized Manufacturing Efficiency with Reliable Quality

Guided by our “Hithium Intelligent Manufacturing,” our intelligent manufacturing system is able to enhance manufacturing efficiency and ensure safe, reliable quality management. This approach enables us to maintain a competitive edge in manufacturing.

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- ***Iterative Upgrade of Intelligent Manufacturing Capabilities:*** We continuously optimize manufacturing systems and platforms while meticulously managing details, successfully overcoming various technical bottlenecks over three years and iterating through four generations of intelligent factories. This showcases our leadership and exceptional execution capabilities in intelligent manufacturing. The production efficiency of our fourth-generation intelligent factory has significantly increased compared to previous production lines. Currently, our fifth-generation factory is under construction and plans to commence production in 2026.
- ***Optimized Manufacturing Efficiency:*** Considering the significant upfront investment and complex processes involved in ESS battery manufacturing, optimized manufacturing efficiency is essential for effective cost control production ramp-up and reinforcing our competitive edge. Our robust engineering and manufacturing capabilities have enabled us to rapidly scale our designed annual production capacity to 64.4GWh as of June 30, 2025. With efficient production expansion efforts, our fourth-generation factory production lines have yield rates exceeding 97%, reflecting our industry-leading cost control capabilities. Looking ahead, once our fifth-generation factory is completed, we anticipate further improvements in production efficiency.
- ***Strict Product Quality Control:*** Energy storage stations must ensure safe operating lifetimes of over 20 years. As these stations continue to scale up, product quality becomes crucial for building long-term and trustworthy relationships with customers. We enforce rigorous quality control measures, applying high standards across all aspects, including materials, manufacturing processes, finished products, and systems. This comprehensive approach ensures the quality and reliability of materials, manufacturing processes, and final products. As a testament to our focus of quality control and safety, our energy storage batteries and systems have received various international certifications including GB/T 36276, IEC 62619, UL 1973, UL 9540A and UN 38.3.

Visionary Management Team with Strategic Insight and Determination

Our visionary management team is committed to seizing market opportunities within the energy storage industry. With extensive industry experience, our management demonstrates exceptional insight, strategic vision, and practical management capabilities, complemented by strong execution skills. Key strategic decisions throughout our development have consistently benefited from their foresight. For instance, from the inception of the company, the management team has focused on the energy storage sector, allowing us to cultivate a deep and unique understanding of the industry. In the early stages, our management team implemented a robust globalization strategy, positioning us to effectively engage with both the opportunities and challenges presented by global markets. Under their guidance and visionary outlook, we have rapidly evolved to become the world’s third largest energy storage company in terms of lithium-ion ESS battery shipments according to CIC.

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OUR STRATEGIES

Continue to Focus on Energy Storage

Our dedicated commitment drives excellence. Looking ahead, we are committed to maintaining our strategic focus on energy storage and will continue to deepen our exploration of this field. With robust innovation and execution capabilities, we will persist in iterating our energy storage products and solutions, prioritizing high safety, high energy efficiency, high consistency, long lifetime, and cost-effectiveness. Driven by technological advancement, we will continuously strengthen collaborations with global research institutions to promote breakthroughs in energy storage technologies and applications. Additionally, we will establish advanced production capacities for next-generation products such as LDES and sodium-ion energy storage products, while focusing on sustainability and reducing carbon emissions during manufacturing. By expanding into global markets and reinforcing our partnerships with international customers, we will solidify our market position, contributing to the global energy transition and sustainable development.

Expand Localization Operations Across the Globe

Rooted globally, integrated locally. We will steadfastly implement our globalization strategy and increase investments in global expansion. We will integrate into local communities, learn cultures, customer preferences and dynamics of local markets with an open mind. By embracing the diverse cultural landscapes of various countries and regions, we respect and strive to integrate into local communities and forge strong strategic partnerships with local enterprises and institutions, establishing a solid foundation for long-term global development.

We will comprehensively enhance localization across all aspects of our operations, including R&D, product development, production capacity, supply chain management, marketing, delivery and operation and maintenance services. By establishing regional R&D teams, we will effectively identify local market needs and develop products tailored to user preferences. We will optimize localized production capacity for timely and efficient product delivery, integrate local supply chain resources to enhance operational efficiency and cost control, and conduct localized marketing initiatives to improve brand recognition and reputation. Moreover, we will provide attentive localized services to cultivate customer trust. For example, we plan to further build localized sales teams and build new local sales and service centers to enhance localized service capabilities. We will strengthen our existing leading advantages in the Chinese and U.S. markets while continually enhancing our investments in localization across global markets to strengthen our competitiveness.

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Accelerate Technological Innovation

As a leading global new energy technology company driven by innovation, we have been focusing on breakthroughs in core energy storage technologies. With a dual-focused research and development strategy centered around LDES and sodium-ion battery technologies, we aim to strengthen our technological barriers and solidify our leadership position in the global energy storage sector.

In our LDES strategy, we will develop a product matrix centered around the ∞Power 6.25MWh long-duration energy storage system, specifically targeting application scenarios of four hours and longer. We will employ unique product decoupling design concepts and conduct preliminary research in conjunction with 2,000V high-voltage platform technology, progressively advancing the R&D and industrialization of energy storage systems designed for eight hours and beyond. Simultaneously, with a commitment to being “industry-leading, product-leading, and effectiveness-leading,” we will establish a global intelligent production base for 1,000Ah+ battery capacity LDES batteries and systems.

Regarding our sodium-ion battery strategy, we will accelerate the industrialization of sodium-ion ESS batteries, while simultaneously developing sodium-ion energy storage systems and solutions. Over the next five years, we will focus on developing high-performance sodium-ion ESS batteries and systems products with high charge/discharge rate and wide temperature range.

Comprehensively Implement Digital and Intelligence Transformation

We are comprehensively implementing a digital intelligence transformation, establishing intelligent decision-making process that encompass the entire value chain including marketing, R&D, manufacturing and supply chain management, all based on our accumulated operational data. Our goal is to enhance decision-making speed and quality through intelligent technologies, reinforcing our market leadership and continuously shaping industry development.

Specifically, in strategic decision-making, we will integrate real-time production, supply, and sales data with customer demand data to generate insights for market forecasting, intelligent scheduling, and risk management. Decision recommendations and relevant insights can be promptly communicated to management, enabling swift responses to market fluctuations. We will also develop Group-level smart business data dashboards to create a unified database for collaborative decision-making across R&D, production, and supply chain functions, facilitating an efficient decision-making process. In terms of R&D, we will integrate artificial intelligence throughout the entire product development lifecycle — from material discovery and battery design to system integration and battery recycling — empowering key stages including mechanism research, material selection, formulation optimization, process design, and product testing. This will allow us to provide customers with smart energy solutions that can be quickly iterated. In terms of intelligent manufacturing, we will apply technologies such as the industrial Internet of things, machine vision, and adaptive control to

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develop an intelligent production platform that encompasses the full spectrum from perception to decision-making and execution. This initiative aims to establish a green, low-carbon and sustainable manufacturing system while leveraging intelligent technology to enhance production efficiency and quality control.

Continuously Build an Agile and Efficient Organization

We recognize that a high-quality talent pool and robust organizational capabilities are essential for effectively implementing our company strategies. Therefore, we are committed to developing a comprehensive talent management framework that attracts, nurtures, and retains a diverse and skilled workforce across the globe. This enables us to swiftly adapt to market changes and ensures our team operates efficiently in a complex and dynamic business environment. Simultaneously, we optimize internal processes, enhance communication channels, and empower our employees, fostering an organizational culture that promotes rapid decision-making and efficient execution.

Our talent-centric strategy provides a strong foundation for sustaining our competitive edge in the global market while delivering long-term value for our shareholders and investors. As we strive to establish ourselves as the leading brand in energy storage, we will continue to invest in talent development and organizational capacity building to capitalize on global opportunities and address challenges within the energy storage sector.

OUR BUSINESS MODEL

We are a leading global new energy technology company driven by innovation, dedicated to providing all-round energy storage solutions centered around energy storage batteries and systems. We are mainly engaged in the research, production, sales and service of energy storage batteries and systems. As the only pure-play energy storage company with a GWh-level global shipment volume of lithium-ion batteries, we offer high-quality products and solutions to customers in over 20 countries and regions. We have developed strong research, production, sales and service capabilities in key global markets. In 2024, we are the world’s third largest energy storage company in terms of lithium-ion ESS battery shipments according to CIC, underscoring our leadership in the global energy storage industry.

Our products are widely used in utility-scale new energy storage scenarios such as power stations and power grids in China and overseas. We also offer products designed for data centers, commercial and industrial scenarios, as well as energy storage systems for residential energy storage needs. As a result of our global business expansion efforts, our products are used in both China and overseas markets including the United States, Europe, and emerging markets, including the Middle East, Africa, Oceania and South America, among others.

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OUR ESS PRODUCTS AND SOLUTIONS

Our product portfolio primarily consists of energy storage batteries and systems, focusing on integrated and customized energy storage solutions, deployable for a broad range of energy storage needs, including (i) utility-scale power stations to regulate power consumption (including supporting peak shaving and load shifting) and support integration with renewable energy sources, (ii) data centers, in combination with renewable energy to help achieve 24/7 green energy supply, (iii) commercial and industrial enterprises to improve energy consumption management, reduce energy costs, provide backup power and support integration with microgrid PV systems, and (iv) residential households to maximize household solar power generation to reduce electricity costs and mitigate power outages.

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Note:

- (1) Other overseas markets primarily include Europe, the Middle East, Africa, Australia and Asia excluding mainland China.
- (2) Represents amount less than RMB500.

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ESS Batteries

We offer a range of ESS batteries suitable for a diverse range of scenarios including utility, data centers and C&I scenarios, offering flexible and versatile use, lower levelized cost of storage with long cycle life, and peace of mind backed by superior safety, including high explosion proof rating and fire resistance, high thermal with a stability and ultra-wide operating temperature ranges. Through our ability to analyze and optimize structural components, electrical performance and materials, our ESS batteries are designed service life of 25 years.

Current Flagship Products

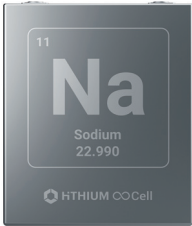
The following table sets forth specifications of our current flagship ESS batteries.

	314Ah ESS Battery	280Ah ESS Battery
		
Energy density	≥ 173.2Wh/kg	≥ 159.2Wh/kg
Cycle life	≥ 11,000 (0.5P)	≥ 10,000 (0.5P)
Operating temperature	-30°C to 60°C	-30°C to 60°C
Round trip efficiency	>94.5% (0.5P)	>94.5% (0.5P)
Typical Scenarios	C&I, utility	C&I, utility

Our 280Ah ESS battery was introduced in 2021. In 2022, 2023, 2024 and the six months ended June 30, 2025, the sales volume of our 280Ah ESS battery was 3.1GWh, 15.3GWh, 12.5GWh and 2.4GWh, respectively, accounting for 92.6%, 98.1%, 44.4% and 10.5% of our total sales volume of ESS batteries in the same periods, respectively. We started mass commercialization of our 314Ah ESS battery in 2024. In 2024 and the six months ended June 30, 2025, the sales volume of our 314Ah ESS battery was 15.4GWh and 20.2GWh, respectively, accounting for 54.4% and 88.5% of our total sales volume of ESS batteries in the same periods.

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Building on our established ESS battery R&D capabilities, we are continuously and rapidly iterating on our ESS batteries, continually delivering new ESS batteries with high safety, high reliability and high performance, and introducing more optimized products across wide range of scenarios, including for data centers. The following table sets forth the details of our major ESS battery products that achieved mass production in the second half of 2025, and will be among our key offerings to the market going forward.

Product	Features
<i>∞Cell 587Ah</i> 	Our latest generation of lithium-ion ESS batteries with 587Ah battery capacity, offering long cycle life of up to 11,000 cycles and energy density reaches 185Wh/kg, suitable for 2-hour energy storage scenarios.
<i>∞Cell 1175Ah</i> 	The world’s first 1,175Ah capacity LDES lithium-ion ESS battery, featuring long cycle life of more than 11,000 cycles and energy density greater than 180 Wh/kg. Suitable for 4-hour and longer LDES scenarios.
<i>∞Cell N162Ah</i> 	The world’s first sodium-ion utility-scale ESS battery with a cycle life exceeding 20,000 cycles.

Energy Storage Systems

We offer a range of liquid-cooling energy storage systems integrating our ESS batteries with advanced thermal management systems, multi-stage active fire protection systems and battery management systems. Our energy storage systems achieve service life of 25 years through measures such as lifetime analysis and prediction of critical energy storage system components to formulate repair and maintenance plans and continual end-of-life replacement of critical components.

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Current Key Products

The following table sets forth specifications of our current key energy storage systems.

	5MWh Energy Storage System	3.44MWh Energy Storage System
		
Configuration	6 x 2P416S	10P384S
Nominal voltage	1331.2V	1228.8V
Nominal charge/discharge rate	0.5P/0.5P	0.5P/0.5P
Dimensions (L x W x H) .	6,058 x 2,438 x 2,896 mm	6,058 x 2,438 x 2,896 mm
Weight	<42t	<34t
Protection rating.	IP55	IP55
Typical scenarios	2hr+ solar and wind-based and grid-based scenarios	2hr+ solar and wind-based and grid-based scenarios

We believe that our range of energy storage systems is a key driver of our future product mix, and we have continually invested in R&D and commercialization of next-generation energy storage systems, and in particular systems optimized for LDES scenarios of four hours and longer. The following table sets forth details of our energy storage systems that achieved mass production in the second half of 2025.

Product	Features
∞Power 6.25MWh 2h/4h energy storage system 	Our latest 6.25MWh energy storage systems provides an increase in volumetric energy density of 25% compared to our 5MWh energy storage systems, and can be flexibly paired with our 587Ah ESS batteries for 2-hour energy storage scenarios or our 1175Ah long-duration ESS batteries for 4-hour and longer energy storage scenarios.

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Sales Volume and Average Selling Price

The following tables set forth details on the sales volumes and average selling prices (net of tax) of our products during the Track Record Period.

	For the year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	(GWh)			
Sales Volume				
ESS batteries	3.3	15.6	28.3	22.9
Energy storage systems	1.0	2.2	5.3	1.7

	For the year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	(RMB/Wh)			
Average Selling Price				
ESS batteries	0.77	0.51	0.28	0.24
Energy storage systems	0.92	0.91	0.87	0.74

Our sales volumes of both ESS batteries and energy storage systems increased rapidly as a result of our continuous business expansion efforts and the increase in our production volume. The average selling price of ESS batteries declined during the Track Record Period, primarily due to a decline in raw material prices and in response to market competition. According to CIC, it is consistent with industry norm that the prices of ESS batteries typically fluctuate in line with the movement in raw material prices. The average selling price of energy storage systems decreased slightly from RMB0.87 per Wh in 2024 to RMB0.74 per Wh for the six months ended June 30, 2025, primarily due to the increased proportion of sales in Asia and Europe, which typically featured relatively lower unit prices compared to Americas in the relevant periods.

Our Proven Solutions

As of June 30, 2025, we have delivered energy storage batteries and systems products to customers in more than 20 countries and regions across a diverse range of scenarios, including power stations, grids, data centers, commercial & industrial and residential solutions. Set forth below are some representative projects adopting our energy storage batteries and systems.

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We provide tailored solutions to customers, forming teams consisting of sales, R&D, after-sales and project managers to ensure comprehensive communication across all product and project aspects. For project operators, our solutions cut across the project cycle, including the development stage, such as through assisting with approvals and permits, optimizing layouts, fire protection and environment compliance; the execution stage, such as through assisting with product interfaces and final design blueprints; and the operation stage, with on-site project managers, in conjunction with localized service teams, responsible for commissioning work and providing detailed instructions and guidance. We also offer scenario-based solutions tailored to specific scenarios, such as control cabinet heating solutions for high-altitude low-temperature application scenarios, our “Desert Eagle” solutions with higher IP-protection rating and more efficient temperature control for harsh environments such as deserts, and additional noise reduction equipment in varying sizes to cater to different noise level requirements.

Beyond our established market presence in utility-scale scenarios, we have also developed long-duration energy storage solutions, energy storage solutions for data centers, a suite of residential ESS solutions under our *HeroEE* series and C&I ESS solutions under our *Andustries* series, enabling us to deliver leading ESS solutions to meet a complete range of energy consumption needs. For utility-scale scenarios, the intermittency of wind and solar—along with curtailment and stressed grid networks, especially in regions with aging or inadequate infrastructure—has reduced power transmission efficiencies and raised expansion costs. In response, we introduced the industry’s first long-duration, grid-side energy storage solution according to CIC, delivering significant reductions in cost, extended cycle life, and improved safety. This solution fills a technical gap by providing cells and systems purpose-built for medium-to-long-duration source-to-grid scenarios. In addition, to address data centers’ urgent need for “round-the-clock, highly matched, highly reliable and low-carbon” power supply, we have developed an energy storage solution tailored for data centers

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leveraging our deep technical expertise and proven solution development capabilities. Anticipating future trends for HVDC 800V power architecture, our solution redefines application boundaries of energy storage systems through a sodium-lithium hybrid structure. By combining sodium-ion and lithium-ion technologies and capitalizing on their complementary strengths, the solution both secures stable power for data centers and optimizes cost-efficiency throughout the lifecycle, creating a new storage paradigm for high-energy-consumption facilities. Our *HeroEE* series of residential-focused ESS solutions can be used for on-the-go battery storage, or to power household-wide residential ESS energy needs, while maintaining our flagship safety and long cycle life features. Our *HeroEE* series can also be seamlessly paired with our intelligent *HeroEE* mobile application for real-time monitoring, remote operation and maintenance and enhanced customization. Our *Andustries* series of full-stack C&I energy storage service combines our energy storage products with financing, investment management and O&M services to deliver a comprehensive solution for C&I ESS projects.

RESEARCH & DEVELOPMENT

We place extremely high priority on our research and development, as our R&D efforts form the basis for the innovativeness, leadership and competitiveness of our products. We have built core technological advantages and forward-looking R&D capabilities across the entire industry chain, including material design, battery design, energy storage system architecture, advanced manufacturing and recycling, creating a complete lifecycle value chain for energy storage. We relentlessly innovate to maximize safety, improve energy efficiency, extend lifetime, improve product consistency and continually reduce costs. As of June 30, 2025, we had 1,038 full time employees in our R&D team, with experience across the lithium-ion battery industry, of which 31.4% hold a master’s degree or higher. Our relentless R&D efforts have enabled us to build an intellectual property portfolio of 4,336 patent applications including 2,118 patents granted as of June 30, 2025. See “— Intellectual Property” in this section for more details.

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We have established four distinct research institutes, each with its own area of focus, all essential to achieving our product quality, covering new materials and technology R&D, battery product development, energy storage system control technology R&D and advanced manufacturing, respectively. Set forth below is a summary of our R&D bases.

R&D Base	Location	Functions
Battery Research Institute	Xiamen, China	Our Battery Research Institute mainly focuses on the R&D, testing and verification, and commercialization of lithium-ion battery materials and products.
Control Technology Research Institute . .	Shenzhen, China	Our Control Technology Research Institute focuses on the development, testing and mass production of energy storage system platform and products.
Institute of Advanced Technology	Xiamen, China	Our Institute of Advanced Technology mainly focuses on the R&D of new battery materials and technologies, including sodium-ion product development and commercialization, as well as exploring the applications of solid state battery technologies in energy storage.
Engineering Center . .	Xiamen, China	Our Engineering Center focuses on three core capabilities of material research and development, process development, and advanced manufacturing.

We also leverage intelligent technologies in our research and development efforts. For instance, we are building a battery electrochemical mechanism database by integrating high-throughput computational simulation data with experimental validation data to form a multi-dimensional research and development knowledge base. By establishing a material genome library that includes parameters of core components like electrolytes and cathode/anode materials, such as crystal structure and thermodynamic stability, we are able to shorten the material screening cycle and increasing the efficiency of material R&D. By applying regression prediction to experimental and trial production data, we significantly reduce the time required for experimental scheme design and formulation design. Through reverse derivation of material design defect characteristics and improvement strategies using historical failure data, we enhance product consistency and reliability from the design phase. By employing advanced algorithms, we develop advanced Battery Management Systems (BMS) to extend the product lifetime and significantly reduce downtime, ultimately providing customers with a superior product experience.

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Key Technologies

As a result of our prioritization and heavy investment in R&D, we have independently built a deep pool of innovative key technologies underpinning the cost-effectiveness, energy efficiency and safety of our products. Set forth below are our key technologies.

High Safety Technologies

We have incorporated multi-dimensional safety design from materials to ESS batteries to energy storage systems. In terms of intrinsic safety, for cathode materials, we have employed multi-element doping technology to enhance both the dynamics and structural stability of large cells, significantly improving cycle life and safety, while for anode materials, graphite with improved surface characteristics is used to reduce heat generation and enhance safety. In terms of battery design, we use 3D gas channels and directional valve designs to achieve a smooth and unrestricted air flow pathway within the cell, improving exhaust heat dissipation during thermal runaway and enhancing safety. For our energy storage systems, we focus our R&D on high-safety technologies, including: electrical safety, structural safety, functional safety, information safety, and electrochemical safety. We have used high-performance thermal management materials and fire-retardant coatings to improve fire resistance and heat dissipation capabilities, optimized design to reduce risks such as arcing and thermal shock, and introduced an intelligent monitoring system for real-time monitoring and identification.

High Energy Efficiency Technologies

We have improved energy efficiency and extended battery life of our ESS batteries by comprehensively optimizing lithium iron phosphate materials, electrolytes, battery design and structure. For our energy storage systems, we have developed a rapid-response three-level BMS architecture with high-precision algorithms, to accurately monitor and control the state of our energy storage systems, while improving coordination between the BMS and thermal management systems to lower auxiliary consumption and improve heat exchange efficiency and system energy efficiency. The energy efficiency of our energy storage systems can reach more than 95%, which is among the highest in the industry, according to CIC.

High Consistency Technologies

By implementing advanced technologies such as full-tab electrode stacking, special separator coatings and battery restraint formation, we can eliminate the uneven stress caused by the traditional winding process for electrode cores, and reduce the generation of particles that could lead to internal short-circuit and self-discharge. This results in a significant improvement in the stability of the solid electrolyte interface (“SEI”), leading to superior long term cycling consistency between cells. We also ensure high consistency for our energy storage systems both through the design and manufacturing process and during operations. During design and manufacturing process, we adopt strict, quality controlled processes and use advanced automated manufacturing equipment and monitoring systems to ensure consistent product quality. During use, we improve consistency of our batteries in operation through

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high-precision algorithms of our energy storage system BMS enabling precise control of key operating parameters such as voltage and temperate, large current passive balancing and active balancing technologies, and high degrees of coordination between the BMS and thermal management systems.

Long Cycle Life Technologies

We have implemented a series of advanced technologies to increase cycle life, including SEI membrane targeted repair electrolytes that can identify and repair micro-damage on the surface of the electrode SEI layer, highly stable anode interfaces with highly isotropic graphite that alleviates stress on the SEI film caused by anode expansion, reducing irreversible lithium loss and side reactions, and active lithium slow release technologies which continuously and progressively release lithium ions over time, precisely matching lithium consumption and leading to enhanced cycle life. Through our long cycle life technologies, we are able to research and develop long-life products with industry-leading cycle life exceeding 20,000 cycles.

Low-cost Technologies

We effectively reduce the cost of energy storage batteries and systems across the entire product life cycle, including battery material R&D, battery design, system design, increasing production efficiency and production rate. Our low-cost technology platform covers the R&D of optimal raw materials, thick-coated electrode technology, modular system architecture design, and AC and DC system matching optimization solutions. We also continue to promote lean manufacturing, optimize production line planning and layout and production efficiency, and introduce manufacturing processes high levels of automation to further reduce production costs.

Advanced and Intelligent Manufacturing Technologies

We have established a high-efficiency, high-quality, low-cost and automated manufacturing system. At the frond-end production process, we have introduced high-precision adaptive metering, high-speed wide-width coating equipment and automatic closed-loop adjustment technology to significantly improve production efficiency and product quality. We have also introduced automated warehousing logistics technologies and automatic powder conveying, automatic film roll handling and other technologies to increase flexibility and automation, thereby increasing efficiency and reducing error rates. At the back-end production process, we have introduced a visual monitoring system across our entire production line to monitor the production process in real time and quickly identify potential defects. We successfully and efficiently upgraded to our current fourth-generation production line within three years, while a new fifth-generation factory is currently under construction, with its high degree of automation expected to improve labor efficiency and reducing manufacturing costs.

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We have been utilizing intelligent technologies, such as such as industrial Internet of Things, machine vision, and adaptive control, in the manufacturing process to improve quality and productivity and reduce emission. For example, through an intelligent quality inspection system, we achieve real-time monitoring and early warning of product quality, thereby improving product qualification rates. We are also introducing intelligent equipment maintenance system and energy management system which enables real-time monitoring and early warning of equipment operating conditions, improving equipment utilization rates. Furthermore, our intelligent process optimization system increases online optimization of process parameters, enhancing production efficiency and product quality while reducing losses during the manufacturing process, thereby improving yield rates.

R&D Roadmap

Our R&D efforts are designed to optimize the production and quality of existing products and technologies, as well as for the R&D of the next generation of products and technologies. Some of our key areas of R&D focus include (i) lithium-ion batteries for LDES applications of 8 hours or more, (ii) ultra-long life sodium-ion technology, (iii) ultra-low temperature sodium-ion battery technology, (iv) exploration into applications of solid state battery technologies in large-scale energy storage, (v) ultra-large prismatic stacking battery manufacturing platform, and (vi) core technologies for energy storage systems, including next-generation technologies for BMS, structural and electrical technologies and thermal management technologies.

INTELLECTUAL PROPERTY

We believe that independent innovation and IP protection are key to the growth of technology enterprises. We have rapidly built a massive patent portfolio through our coverage across the entire industry chain with patents across materials, structures, systems, processes, and equipment. We rely on an extensive portfolio of patents, trademarks, copyrights, trade secrets and other intellectual property rights in China and other jurisdictions as well as confidentiality agreements with our employees, suppliers, customers and other third parties to protect our intellectual property rights.

As of June 30, 2025, we had submitted a total of 4,336 patents applications globally including a total of 2,118 patents granted. We have also registered 413 trademarks and 69 copyrights as of the same date. See “Appendix IV — Statutory and General Information — Further Information About Our Business — Intellectual Property Rights” for details of our material intellectual property rights.

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We believe in an active, express, consistent and continuous commitment to a common code of conduct and corporate culture of IP compliance. Our IP department is our primary department responsible for establishing, implementing, maintaining and continuously improving our IP compliance management system, as well as for centralized collection and maintenance of both external IP-related information and internal IP knowhow. We have implemented various measures and tools to minimize our risk exposure to IP rights infringement, including a set of comprehensive intellectual property compliance and management regulations, including an intellectual property compliance management published in accordance with GB/T 29490 standards, which sets forth the overall framework governing the formulation, implementation, maintenance and revisions of our intellectual property compliance management system. We have also established specific regulations covering patent management, trademark management, copyright management and trade secret management. To further foster our IP compliance culture, our IP department is also responsible for the centralized management of our IP education and training, formulating training plans and coordinating with various departments to carry out regular IP training.

We have formulated a comprehensive IP management system, with systems covering the acquisition, maintenance, risk management and response of intellectual property rights. For example we regularly conduct patent research, patent mining and FTO investigations across the entire product development process. For the key structures or technical elements of the products, we conduct routine IP retrieval and analysis, providing patent layout and innovation ideas for our R&D department. Our IP department will generate FTO investigation report according to the project development stage, and coordinate with the R&D department to actively avoid designing potentially infringing patents, thereby effectively reducing IP risks across product development and production.

We have also implemented various internal control and risk management measures to further ensure protection of IP rights, such as, among others, annual spot checks of software to avoid risks of IP infringement, conducting IP searches, including the number of patents related to each key technology, geographical distribution and patentee information, prior to initiating a new project, conducting IP risk evaluations, and ongoing monitoring of IP rights throughout the design and R&D phases. All departments are responsible for conducting necessary IP compliance reviews on basic management processes and operational management processes, and our IP department is also responsible for establishing, implementing and maintaining an IP reporting process for attempted, suspected, or actual violations of IP rights.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not been subject to any material intellectual property claims which could have a material adverse effect on our business or operations.

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MANUFACTURING

Production Bases

We have established two production bases across China in Xiamen, Fujian Province and Chongqing, with a third production base being built in Heze, Shandong Province, which is expected to commence trial production in the second quarter of 2026. At the same time, we are the first Chinese company to set up production capacity for energy storage system in the U.S., with a new production base set up in Texas. Our effective annual production capacity for ESS batteries has increased from approximately 5.4GWh in 2022 to approximately 49.7GWh in 2024, and our effective semi-annual production capacity for ESS reached approximately 31.1GWh for the six months ended June 30, 2025 reflecting our ability to rapidly scale our operations and efficiently execute our production expansion plans from conception to full-scale commercial production. Meanwhile, our designed annual production capacity reached 64.4GWh as of June 30, 2025. With the completion of ongoing production line upgrades, our production capacity will be further expanded. Our production bases utilize advanced production equipment and technologies and systems throughout the entirety of the production process, thereby achieving our core technological propositions in safety, energy efficiency, consistency, lifetime, and cost-effectiveness. We integrate advanced production equipment throughout our production bases, such as high-precision measuring equipment, high-speed coating and cutting equipment, laser and ultrasonic welding, and automated grading and packaging lines, thereby building high quality, high consistency and highly automated and intelligent production lines. We also integrate comprehensive quality control throughout our production, meeting ISO 9001:2015 quality management standards, through advanced systems such as manufacturing execution systems, statistical process control (SPC) systems and CCD visual inspection systems. Furthermore, we deeply integrate digital operations and other intelligent technologies to build a dynamically optimized digital production system, actively promoting our “Hithium Intelligent Manufacturing” strategy throughout all our production bases. For example, through the comprehensive application of 5G Internet of Things technology, we are able to achieve full interconnectedness and comprehensive data collection across our production equipment, as well as real-time monitoring across our production process with an intelligent manufacturing execution system covering the entire production base.

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ESS Batteries

The following table sets forth the key production details of our ESS batteries by production bases during the Track Record Period.

Base	Location	Site area (sq.m.)	Effective Annual/Semi-annual Production Capacity (GWh) ⁽¹⁾				Production Volume (GWh)				Utilization Rate (%) ⁽²⁾			
			2022	2023	2024	2025 H1	2022	2023	2024	2025 H1	2022	2023	2024	2025 H1
Xiamen . . .	Xiamen, China	192,291	5.4	19.4	31.9	17.2	5.3	17.5	23.0	16.6	99.0%	90.3%	72.1%	96.5%
Chongqing . . .	Chongqing, China	571,554	-	0.4	17.9	13.9	-	0.4	13.1	13.4	-	88.4%	73.3%	96.4%

Notes:

- (1) Effective annual or semi-annual production capacity is based on the production rate of various machines operating 24 hours a day excluding public holidays, taking into account adjustment periods and production line upgrades.
- (2) Utilization rate is calculated by dividing our production volume by the corresponding effective annual or semi-annual production capacity for the same period.

During the Track Record Period, we experienced fluctuations in our utilization rate primarily as a result of (i) our rapid increase in production capacity, and associated ramp-up and adjustment periods, (ii) seasonal adjustments to production line output reflecting seasonal shifts in demand, and (iii) downtimes related to production line upgrades.

Energy Storage Systems

We produce our energy storage systems at our Xiamen production base. The following table sets forth the key production information of our energy storage systems during the Track Record Period.

Effective Annual/Semi-annual Production Capacity ⁽¹⁾ (GWh)				Production Volume (GWh)				Utilization Rate (%) ⁽²⁾			
2022	2023	2024	2025 H1	2022	2023	2024	2025 H1	2022	2023	2024	2025 H1
0.93	3.27	6.34	4.44	0.86	2.29	4.72	2.69	93%	70%	74%	61%

Notes:

- (1) Effective annual or semi-annual production capacity is based on the production rate of various machines operating 24 hours a day excluding public holidays, taking into account adjustment periods and production line upgrades.
- (2) Utilization rate is calculated by dividing our production volume by the corresponding effective annual or semi-annual production capacity for the same period.

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In addition to our in-house energy storage system production capabilities, during the Track Record Period, we also cooperated with third party manufacturers in China to manufacture a portion of our energy storage systems. We provide in-house produced batteries or packs to be integrated into the energy storage systems produced by such third party manufacturers. We cooperate with such third-party manufacturers primarily (i) to address seasonal shifts in demand, such as during peak seasons typically in the fourth quarter of the year, or to better meet time-sensitive orders, where our existing manufacturing capacity for energy storage systems at that time period may be insufficient to meet order demand, (ii) to meet the demands for single orders with large volume that may exceed our available in-house production capacity, and (iii) to supplement our existing production lines for core energy storage products which are highly standardized, while outsourcing production of tailored products or small-batch manufacturing that require adjustments to existing production lines. We have strict criteria for selecting third-party manufacturers, including, among others, qualification certifications, process standards, management systems, quality inspection and production capacity assessment mechanisms. Before initiating cooperation with potential new third-party manufacturers, we conduct a thorough review of their business licenses, business permits, production licenses, external product inspection reports, management system certificates, product certifications, and other relevant documentation, and conduct background checks and on-site audits. We engage third-party manufacturers on an as-needed basis, based on our sales demands and their delivery capabilities. Such third party manufacturers typically charge fees based on the orders and number of units. We set manufacturing standards and requirements for our third party manufacturers to produce energy storage systems. We are entitled to return goods or terminate our agreement if the third-party manufacturers provide energy storage systems with material nonconformities, and third-party manufacturers are liable for personal injury or property damage as a result of quality defects in the energy storage systems they supply to us. In 2022, 2023, 2024 and the six months ended June 30, 2025, 0.2GWh, 1.4GWh, 4.4GWh and 1.6GWh of energy storage systems sold by us were produced by third-party manufacturers, respectively, accounting for 4.7%, 7.9%, 13.1% and 6.5% of our total sales volume for the same periods, respectively. During the Track Record Period, we did not rely on any single third-party manufacturer.

As we have partnered with third-party manufacturers primarily to support our international growth strategies and respond to the growing international demand for our energy storage systems, we believe that further expanding our in-house production capabilities for energy storage systems is crucial to ensuring long-term supply chain and production management, ensure product quality, increase cost-effectiveness and better address growing customer demands. Accordingly, we plan to continuously expand our in-house production capacity for energy storage systems to better meet market demand. See “— Planned Production Capacity Expansion.”

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Production Equipment and Machinery

Our manufacturing bases are equipped with advanced manufacturing equipment supplied through reputable equipment manufacturers, predominantly located in China. These equipment are customized based on our manufacturing techniques and requirements. Set forth below are our key manufacturing equipment and their usage.

Mixer.	Mixing various materials, such as active substances, conductive agents, dispersants, binders, additives and other functional components as well as solvents together to form a uniform, stable suspension suitable for coating.
Coating machine	Evenly coating slurries on the current collector through an extrusion head.
Die cutting machine.	Cutting electrodes using laser cutting technology to a fixed shape according to required product structures.
Winding machine.	Winding electrodes and separators into jelly rolls according to specified structures.
Vacuum baking oven	Vacuumping and baking jelly rolls to remove moisture.
Formation machine	Charging and activating the battery to form a stable SEI film, while gas generated during the film formation process is removed through negative pressure.

Planned Production Capacity Expansion

We intend to further increase our overall production capacity in line with our growth strategy and to satisfy market demand by expanding our existing manufacturing bases and constructing new manufacturing bases. In particular:

- We are establishing a production base in Shandong, China for LDES products, with a site area of approximately 478,516 sq.m., and designed production capacity of 30GWh of battery products and 20GWh of energy storage systems. The estimated total capital expenditure for the new Shandong production base is approximately RMB7.2 billion. As of the Latest Practicable Date, we have begun construction of Phase I of the Shandong production base, which is expected to commence trial production in the second quarter of 2026.
- At our Chongqing production base, stage one of Phase I has already commenced production, while stage two of Phase I is expected to begin construction in 2025, and is expected to commence production in 2027. The site area of Phase I of our Chongqing production base is 571,554 sq.m., with designed annual production capacity of 56GWh of ESS batteries and 22GWh of energy storage systems. Our estimated total capital expenditure for the entire Chongqing production base is approximately RMB13 billion.

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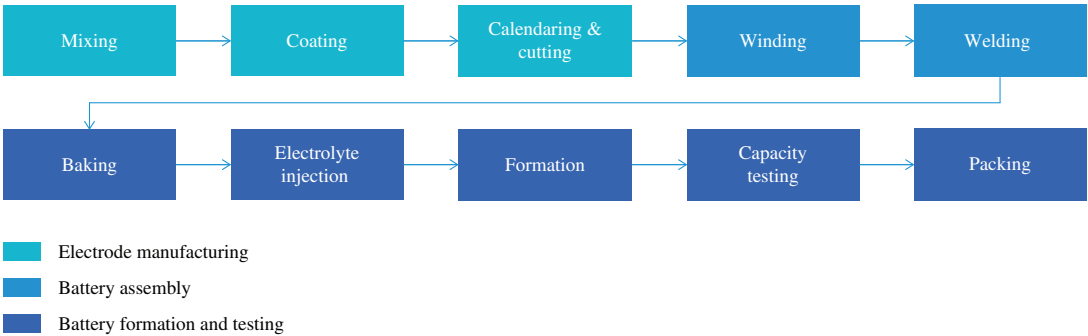
- To further bolster our international presence, we have established a production base in Texas, the U.S., with a site area of 484,441 sq.ft. (approximately 45,006.04 sq.m.), and designed annual production capacity of approximately 10GWh of energy storage systems. As of the Latest Practicable Date, the new production base has commenced mass production.

Our planned expansion projects are expected to increase our aggregate designed annual production capacity to over 100GWh by 2026, which will better position us to capture the favorable growth trends in the global lithium-ion energy storage industry, which is expected to grow at a CAGR of 29.0% from 2024 to 2030, and enable us to rapidly increase production volume to adapt to increases in market demand overall, as well as to better respond to seasonal peaks in demand, where we have historically experienced a shortfall in our ability to meet demand even operating at full production capacity during such periods. Furthermore, expanding our production capacity with the latest advances in production technology, equipment and processes will enable our production capabilities to match the rapid iteration in energy storage batteries and systems. We believe our planned expansion projects will not have material negative impact on our profitability in the near future.

Our Manufacturing Process

ESS Batteries

Our ESS batteries are produced under strictly controlled conditions in our production facilities. The following diagram sets forth the key production steps for our ESS batteries. The production process of our ESS batteries consists of three main phases: electrode manufacturing, battery assembly, and battery formation and testing. The following diagram illustrates the key production steps for our ESS batteries.

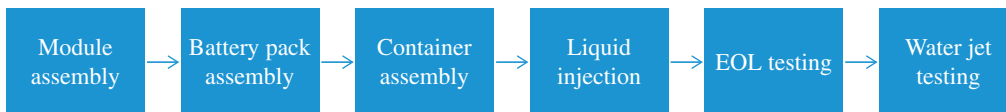


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1. **Electrode manufacturing:** In the mixing process, various raw materials (including active substances, solvents, conductive agents and adhesives) are accurately measured and automatically transferred to the mixer for mixing to produce uniform and stable electrode slurry. In the coating process, the slurry is evenly coated on the surface of the current collector and goes through subsequent processes such as drying, rolling, and slitting to obtain an electrode that meets the design requirements.
2. **Battery assembly:** The cathode/anode electrodes and separators are wound into a jelly roll according to a specific structure through needle winding, while the electrodes and positive and negative poles are welded using ultrasonic and laser welding. Afterwards, the semi-finished battery is placed in an aluminum shell and the outer shell cover is sealed through laser welding. We then conduct airtightness testing by injecting helium into the battery to verify the sealing performance of the weld, terminals and explosion-proof valve.
3. **Battery formation and testing:** The battery is vacuum baked to remove the moisture from the electrodes. Subsequently, electrolytes are injected into the shell and soaked at high temperature to allow the electrode to fully absorb and undergo chemical formation to form a stable solid electrolyte interface (SEI) film. The battery shell is sealed and welded using laser welding. The battery then undergoes a series of inspections and testing, including airtightness inspection and capacity, voltage, internal resistance, and insulation performance testing. The battery is then automatically graded and packaged for sale.

Energy Storage Systems

The key steps in the manufacturing of our energy storage systems include the following:



1. **Module assembly:** Batteries, foam, aerogel and other components are assembled then welded together using laser welding. An end-of-line (EOL) test on the assembled module is conducted to verify to check whether it meets module performance requirements.
2. **Battery pack assembly:** The module, pack container and corresponding electrical connectors are assembled, followed by housing airtightness testing and EOL testing, and DC resistance (DCR) testing to verify whether it meets battery pack performance and sealing requirements.

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3. **Container assembly:** The container enclosure, liquid-cooling unit, control panel, high and low voltage wiring harness, battery pack, high voltage box and secondary and tertiary pipelines are assembled, followed by airtightness testing to ensure the sealing of the liquid-cooling system pipeline.
4. **Liquid injection:** Liquid is injected into the liquid-cooling system in the assembled container, ensuring the effective operation of the liquid-cooling system during use.
5. **EOL testing:** A series of EOL tests are performed to ensure the quality and function of the final product, including insulation withstand voltage testing, equipotential testing, system debugging, charge and discharge testing, appearance inspection and other tests.
6. **Water jet testing:** A water jet test is performed on the energy storage system to ensure that its waterproof level meets IPX5 standards.

QUALITY CONTROL

We adhere to the ethos of meticulous craftsmanship, and are committed to creating high quality products and continuously optimizing quality management throughout the entire product lifecycle. We regard product quality as a key driver of our core competitiveness, and have established a complete quality control process, covering product development, procurement, manufacturing, product testing, and after-sales service, following ISO 9001:2015 quality management system standards.

R&D Quality Control

In terms of R&D quality control, we have developed a full lifecycle quality control system for our products, including new product development management procedures. Cross-departmental experts reviews development progress at each key development stage to ensure design feasibility and manufacturability. We also conduct trial production runs of new products to enable early detection and resolution of potential design issues prior to mass production, ensuring that the final product designs deliver on our key value propositions while meeting market needs.

Supplier Quality Control

In terms of supplier quality control, our supplier management regulations sets forth basic threshold requirements for prospective suppliers, such as its years of operation and quality certifications. Prospective suppliers are subject to on-site audits by members of our quality, R&D and procurement teams of its production bases as well as supplier self-assessments. Furthermore, to be eligible to be selected as a supplier for our projects, suppliers must also sign our supplier management agreement, further agreeing to abide by, among others, various quality assurance, confidentiality, intellectual property, supplier integrity, export control and sanctions compliance, safety standards, supplier social responsibility, and environmental and health management requirements and standards.

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Raw Material Quality Control

We implement a strict introduction and review procedure for raw material suppliers to ensure that suppliers hold reliable quality assurance capabilities. We have established a dedicated material testing room, which is equipped with advanced testing instruments, which can cover comprehensive testing and analysis of a wide range of material characteristics, including physical and chemical analysis and testing of cathode and anode materials, electrolyte and other chemical compositions, particle size distributions, inductively coupled plasma (ICP) element content analysis and magnetic impurity analysis, ensuring that our products are manufactured strictly using high quality materials.

Manufacturing Process Quality Control

We utilize advanced automated production lines throughout our manufacturing facilities, combined with advanced MES and QMS for comprehensive real-time monitoring of the manufacturing process to ensure timely identification and resolution of quality issues.

- **Environmental control:** Our production lines are equipped with a digital environmental monitoring system for real-time monitoring of temperature, humidity and cleanliness.
- **Process control:** Our manufacturing processes are conducted strictly in accordance with set manufacturing process specifications, with key manufacturing process parameters verified by our MES to ensure accuracy.
- **Production line inspection:** We have also introduced digital visual inspection equipment throughout key manufacturing steps including coating, die-cutting, winding and welding, monitoring product appearance and performance in real time; while our statistical process control system monitors for any deviations in quality throughout the manufacturing process, discovering and correcting abnormalities in a timely manner.

End-to-end Quality Traceability

We have established a comprehensive quality traceability system, which enables full production lifecycle quality tracing, including through product QR codes. Our quality tracing system covers key product specifications including dimensions, capacity, voltage and internal resistance, as well as manufacturing process information such as manufacturing time and other process parameters. Through our end-to-end quality traceability, we can rapidly and accurately identify the root cause of quality issues and take targeted, effective remedial measures.

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After-sales Quality Management

We have established an efficient after-sales service system, responding quickly to any quality issues reported by customers, and providing technical support and solutions. See “— Sales, Marketing and Customers — Customer Service.” Further, through after-sales data analysis, we can continuously improve product design and manufacturing processes and reduce the risk of quality defects.

We will continue to improve on our comprehensive quality control measures, and we hold regular quality analysis meetings and carry out various quality improvement activities, while continuously reviewing and refining manufacturing and quality control processes. We will continue to increase our investment in quality control, such as through introducing intelligent detection technologies and big data analysis to further improve the automation and intelligence of our quality control systems. At the same time, we seek to actively participate in the formulation of industry standards to promote high-quality development of the energy storage industry.

SUPPLY CHAIN MANAGEMENT

Supplier Selection and Management

Our suppliers primarily include raw materials, equipment, engineering, logistics, services, and MRO suppliers. The reliability and quality of our suppliers are fundamental to ensuring the quality of our products. Through comprehensive control over the entire supplier management process, from identifying supplier development needs, supplier selection, supplier performance appraisal and supplier withdrawal, we are able to reduce supply chain risks and ensures reliability throughout our product lifecycle.

Our procurement center is responsible for our overall supplier management process, and we have established a set of supplier management regulations governing the development, selection, management and evaluation of our suppliers, with tailored management regulations for different supplier types. Based on business needs, we identify business areas which require new suppliers and/or alternative suppliers, formulating a supplier development strategy. We select quality suppliers that meet our needs and the supplier development strategy, following the selection process of the corresponding supplier management regulations based on the supplier type. We regularly conduct performance evaluations of our suppliers, implementing a system of incentives and penalties based on such supplier evaluations. We have also standardized supplier withdrawal procedures based on whether suppliers are considered frozen, eliminated or blacklisted.

We have established supplier performance appraisal management regulations, pursuant to which we evaluate our suppliers on factors including quality (such as lot acceptance rate, failure rate of materials at the suppliers’ production facilities, customer complaints attributable to such supplied materials, and quality rectification), delivery (such as on-time rate, rate of abnormal batches, and quality of delivery/return service), and overall business (such as pricing, account period, and business service). Suppliers for our ESS battery materials are assessed

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monthly, while suppliers for our energy storage system materials are assessed quarterly. Based on evaluation results, we impose a series of incentives or penalties. For our top-graded suppliers, they may enjoy preferential policies including increases in procurement and priority access to new product development plans and trial supply selections for new product developments. We may suspend procurement from the lowest-graded suppliers, while giving a rectification period for such suppliers, after which we conduct a further inspection to determine whether to continue or terminate the supply relationship.

To further ensure the quality of our suppliers, our suppliers enter into supplier management agreements with us, pursuant to which suppliers agree to, quality assurance, confidentiality, intellectual property, supplier integrity, export control and sanctions compliance, safety standards, supplier social responsibility, and environmental and health management requirements and standards. Our supplier management agreement also requires our suppliers to ensure that their secondary suppliers also comply with the requirements of our supplier management agreement. We have the right to conduct periodic audits and compliance inspections and annual supplier ESG due diligence to ensure compliance with our supplier management agreement.

Procurement of Raw Materials

Our key raw materials primarily consist of lithium iron phosphate, graphite, electrolytes, separators, copper foils and aluminum foils. We have established a purchasing management procedure, pursuant to which our procurement center has overall responsibility for managing the process from collecting and evaluating annual procurement demands from our various departments to sourcing and selecting suppliers to contract preparation and execution. We have further implemented specific procurement management policies for different suppliers. Each business department sends in procurement requisitions to our procurement center, following which the procurement team will preferentially select suppliers that meet our strategic needs and assign to them the highest priority. If there are no such preferential suppliers, we may select other qualified suppliers from our supplier list, and failing which we follow our procedures for developing and introducing new suppliers. Our procurement center then handles inquiries, negotiations, price setting, supplier selection, and drafting and executing of contracts and orders.

In terms of raw materials we procure, we primarily determine pricing calculated based on market prices, however we may also negotiate for fixed pricing. Our key raw materials are subject to price fluctuations. For example, the price of lithium materials fluctuated significantly during the Track Record Period. For details on the risks of price fluctuations of raw materials on our financial and operating performance, please see “Risk Factors — Risks Relating to Our Industry and Business — 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 also proactively seek measures to manage the costs of raw materials, such as negotiating and signing long-term contracts with certain suppliers to mitigate fluctuations in raw material prices as well as running bidding processes between multiple bidders to obtain the most competitive prices.

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Key Terms of Supply Agreements

We generally enter into framework agreements with our suppliers. Key terms of our supply agreements with suppliers primarily include:

- Duration:** The framework agreements typically have a term of one year.
- Purchase orders:** . . . The framework agreements typically sets forth the calculation basis for purchase prices. We typically enter into purchase orders with our suppliers under the framework agreements. The purchase orders will specify the quantity and details of products to be purchased, purchase price (where we agree to different prices than under the framework agreement), and the payment and delivery schedule.
- Payment:** Payment terms are typically by monthly invoices of goods passing acceptance and inspection supplied in the prior month. Payment is typically on different credit terms or by bank acceptance drafts of up to six months validity or by wire transfer.
- Delivery:** In general, suppliers are responsible for packaging and transporting the goods to our standards, or, if not specified by us, shall comply with both national and industry standards at the location and time set out on the purchase order or as designated by us.
- Quality:** The goods provided by the supplier should comply with national standards and industry standards, as well as any technical documents, quality assurance agreements or other such documents signed by the parties, with the higher standard prevailing in case of inconsistency. Suppliers (such as equipment suppliers) are liable for any product defects (including defects attributable to the supplier during their design, material procurement, inspection, manufacturing, technical guidance and/or service process, and defects that endanger personal or property safety).
- Acceptance and Inspection:** We have the right to conduct acceptance inspection on the name, model, specification, quantity, packaging, appearance, etc. of the goods supplied. If the goods fails such inspection, suppliers shall unconditionally return or exchange it free of charge. We will also conduct warehousing-in inspection within one month after receipt, and goods are deemed to have passed the warehousing-in inspection only if the relevant inspection report issued states “passed.”

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After-sales

Warranty:

Goods sold by suppliers are subject to an after-sales warranty period as agreed in the technical documents or, if not specified, 12 months from the date of warehousing-in inspection. During the warranty period, if the goods do not meet the standards and specifications set out in the technical documents, the supplier shall repair, maintain or replace such defective goods free of charge according to our requirements within 24 hours after receiving notice, and shall complete the repair, maintenance or replacement within 5 working days after receiving notice.

Termination:

We have the right to terminate the agreement where, among others, the supplier (i) delivers substantially nonconforming goods and fails to rectify in a prescribed time period, (ii) serious nonconformities in the products during the warranty period, and (iii) failure to perform its obligations beyond a prescribed time period.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contracts with our suppliers.

Top Five Suppliers

Purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB3,951.5 million, RMB4,314.4 million, RMB3,589.0 million and RMB2,692.6 million, respectively, representing 52.8%, 30.3%, 30.7% and 31.6% of our total purchases for the respective period. Purchases from our largest supplier in the same periods were RMB1,462.3 million, RMB2,170.2 million, RMB1,845.3 million and RMB825.2 million, respectively, representing 19.5%, 15.3%, 15.8% and 9.7% of our total purchases for the respective period.

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The following table sets forth details of our five largest suppliers in each year or period during the Track Record Period:

Year ended December 31, 2022									
No.	Supplier	Business scope	Country	Registered capital	Products provided to us	Purchase amount (RMB in thousands)	% of total purchase amount	Year of commencement of business relationship with us	Payment method
1 . .	Supplier A	A company specializing in R&D, production and marketing of lithium iron phosphate cathode	China	757,253,070	Chemistry – Cathode materials – Lithium iron phosphate	1,462,279	19.5%	2020	15 days against monthly clearing Wire transfers and negotiable instruments
2 . .	Supplier B	A company specializing in R&D and manufacturing of lithium cathode materials	China	1,369,928,357	Chemistry – Cathode materials – Lithium iron phosphate	1,154,912	15.5%	2021	30 days against monthly clearing Wire transfers and negotiable instruments
3 . .	Supplier C	A company focusing on general contracting of construction projects	China	350,880,580	General contracting project	661,341	8.9%	2020	Installment payment according to the contract Wire transfers and negotiable instruments
4 . .	Supplier D	A company focusing on lithium electrolyte and cathode material production	China	455,000,000	Chemistry – Electrolyte – Lithium-ion battery electrolyte	374,766	5.0%	2021	30 days against monthly clearing Wire transfers and negotiable instruments
5 . .	Supplier E	A company mainly engaged in general contracting of construction projects, carrying out various infrastructure construction businesses	China	2,577,276,500	General contracting project	298,208	4.0%	2022	Installment payment according to the contract Wire transfers and negotiable instruments

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Year ended December 31, 2023

No.	Supplier	Business scope	Country	Registered capital	Products provided to us	Purchase amount (RMB in thousands)	% of total purchase amount	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)						
1 . .	Supplier A	A company specializing in R&D, production and marketing of lithium iron phosphate cathode	China	757,253,070	Chemistry – Cathode materials – Lithium iron phosphate	2,170,235	15.3%	2020	30 days against monthly clearing	Wire transfers and negotiable instruments
2 . .	Supplier E	A company mainly engaged in general contracting of construction projects, carrying out various infrastructure construction businesses	China	2,577,276,500	General contracting project	793,203	5.6%	2022	Installment payment according to the contract	Wire transfers and negotiable instruments
3 . .	Supplier B	A company specializing in R&D and manufacturing of lithium cathode materials	China	1,369,928,357	Chemistry – Cathode materials – Lithium iron phosphate	541,685	3.8%	2021	45 days against monthly clearing	Wire transfers and negotiable instruments
4 . .	Supplier D	A company focusing on lithium electrolyte and cathode material production	China	455,000,000	Chemistry – Electrolyte – Lithium-ion battery electrolyte	440,599	3.1%	2021	60 days against monthly clearing	Wire transfers and negotiable instruments
5 . .	Supplier F	A company focusing on the R&D and production of new energy systems with intelligent technology	China	100,000,000	Energy storage systems	368,691	2.6%	2023	Installment payment according to the contract	Wire transfers and negotiable instruments

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Year ended December 31, 2024

No.	Supplier	Business scope	Country	Registered capital	Products provided to us	Purchase amount (RMB in thousands)	% of total purchase amount	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)						
1 . .	Supplier A	A company specializing in R&D, production and marketing of lithium iron phosphate cathode	China	757,253,070	Chemistry – Cathode materials – Lithium iron phosphate	1,845,301	15.8%	2020	30 days against monthly clearing	Wire transfers and negotiable instruments
2 . .	Supplier G	A company specializing in lithium iron phosphate lithium battery business	China	792,310,000	Chemistry – Cathode materials – Lithium iron phosphate	634,598	5.4%	2023	60 days against monthly clearing	Wire transfers and negotiable instruments
3 . .	Supplier H	A company that develops and produces high-precision copper foil for lithium batteries	China	485,000,000	Chemistry – Foil – Copper foil	484,429	4.2%	2023	90 days against monthly clearing	Wire transfers and negotiable instruments
4 . .	Supplier I	A company focusing on R&D, production and marketing of lithium anode materials	China	321,407,974	Chemistry – Anode materials – Graphite	315,129	2.7%	2022	120 days against monthly clearing	Wire transfers and negotiable instruments
5 . .	Supplier J	A company engaged in the business of lithium graphite materials	China	1,917,856,391	Chemistry – Anode materials – Graphite	309,583	2.7%	2020	180 days	Wire transfers and negotiable instruments

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Six months ended June 30, 2025

No.	Supplier	Business scope	Country	Registered capital	Products provided to us	Purchase amount (RMB in thousands)	% of total purchase amount	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)						
1 . .	Supplier A	A company specializing in R&D, production and marketing of lithium iron phosphate cathode	China	757,253,070	Chemistry – Cathode materials – Lithium iron phosphate	825,226	9.7%	2020	30 days against monthly clearing	Wire transfers and negotiable instruments
2 . .	Supplier K	A company engaged in the manufacturing of chemical products and materials, including lithium battery materials	China	3,139,746,626	Chemistry – Cathode materials and solvents – Lithium iron phosphate and N-Methylpyrrolidone (NMP)	577,430	6.8%	2023	90 days against monthly clearing	Wire transfers and negotiable instruments
3 . .	Supplier G	A company specializing in lithium iron phosphate lithium battery business	China	792,310,000	Chemistry – Cathode materials – Lithium iron phosphate	529,862	6.2%	2023	60 days against monthly clearing	Wire transfers and negotiable instruments
4 . .	Supplier J	A company engaged in the business of lithium graphite materials	China	1,917,856,391	Chemistry – Anode materials – Graphite	446,139	5.2%	2020	180 days against monthly clearing	Wire transfers and negotiable instruments
5 . .	Supplier L	A company engaged in international trade of electromechanical equipment	China	640,000,000	Production equipment	313,912	3.7%	2024	Installment payment pursuant to the contract	Wire transfers and negotiable instruments

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Our Directors confirm that none of our Directors, Supervisors or their respective close associates or any Shareholder holding more than 5% of our issued share capital held any interest in any of our five largest suppliers during the Track Record Period.

SALES, MARKETING AND CUSTOMERS

Sales and Marketing

In the China market, we primarily collaborate with third-party system integrators that embed our products into their solutions to end users globally. For overseas sales, we primarily sell energy storage systems to our customers and provide energy storage system solutions. Our end-users in China and overseas primarily include grid operators, independent power generation companies, renewable energy companies, and energy project developers. As we rapidly increased our market presence, we have established long-term relationships with a large number of leading system integrators, grid operators, power generation companies and other customers in China and overseas. In the international market, we serve leading energy storage integrators and companies, such as Jupiter Power, Lightsource BP, and Samsung C&T. In China, we collaborate with leading customers including China Datang Corporation, China Electrical Equipment Group and Longyuan Power.

At a de minimis level, we also collaborate with distributors for sales of our residential solutions to household end-users, and such an approach is in line with industry norms, according to CIC. In 2022, 2023, 2024, and for the six months ended June 30, 2025, we collaborated with nil, nil, 8 and 9 distributors, respectively, and revenue from distributors contributed nil, nil, 0.03% and 0.36% of our revenue for the same periods, respectively. Under our agreements with such distributors, among other terms, (i) we mutually agree on distribution territories, (ii) distributors are subject to minimum purchase amounts, failing which we may restrict distribution territories, increase the price of our products to distributors, or terminate the agreement after a specified notice period, (iii) payment is due by advance payment prior to us shipping products, with the balance due within a specified time after shipping, (iv) we have the right to manage, supervise and provide guidance on the distribution process, and (v) the agreement may be terminated in circumstances including, among others, expiry, distributors’ failure to pay and material breach of contract. Our relationships with distributors operate on a buyer/seller basis, where they purchase products from us to resell to end customers and users. As sales through distributors only accounted for a negligible portion of our total sales, we do not believe that our business relationship with them raises any concern in relation to inventory risk, cannibalization or recoverability of accounts receivables. Given that sales of our residential solutions are not expected to contribute a significant proportion of our overall business, Our Directors are of the view that our collaboration with distributors will remain at a limited scale. To the best of our knowledge, as of the Latest Practicable Date, all of our distributors were Independent Third Parties and did not have any other relationship with us.

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As of June 30, 2025, we maintained a sales force of 297 employees globally, including, among others, across China, the Americas and Europe. The primary responsibilities of our sales personnel include developing marketing plans, identifying product marketing strategies, developing customers, providing technical and project level support, conducting business negotiations, and establishing cooperative relationships with our customers. Our sales force conducts annual, quarterly, monthly and weekly sales forecasts, executes marketing plans, formulates and implements profit indicator management plans and promptly follows up on customer payments to prevent bad debts. In addition, after signing sales contracts, our sales and marketing team will follow up on key milestones such as order placement and delivery, and provide support such as bill checking and invoicing.

We adopt a multi-faceted approach to acquiring new customers and increasing our brand awareness, such as through (i) participating in industry exhibitions, forums, summits and alliances, expanding our market presence and reach to new customers, (ii) seeking out and deepening collaborations with leading system integrators and energy storage enterprise networks to expand access to their networks through integrating into their supply chain, (iii) using public bidding platforms to obtain new projects, and (iv) using industry databases to better locate potential customers. For our domestic customers, key steps in our typical customer acquisition and sales process involves (i) identifying and sourcing new customers or projects, (ii) confirming and establishing project parameters and plans, (iii) confirming technical and commercial requirements, (iv) bidding/soliciting quotations, (v) negotiating and executing agreements, (vi) production and delivery, and (vii) providing after-sales services. For our overseas customers, key steps in our typical customer acquisition and sales process involves (i) identifying and sourcing new business opportunities, such as through attending global industry events and conferences, word-of-mouth referrals and direct promotions by our sales and marketing team, (ii) confirming project proposals, (iii) bidding/soliciting quotations, (iv) confirming project plans, (v) negotiating and executing agreements, (vi) production and delivery, and (vii) providing after-sales services.

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Key Terms of Sales Agreements

For our ESS batteries, we generally enter into framework agreements with our customers, while for our energy storage systems, we generally enter into individual sales agreements. Key terms of sales agreements with our customers primarily include:

Duration:	The sales agreements typically have a term of one year, while we may also enter into sales agreements on a project-by-project basis.
Purchase amount and orders:	Our sales agreements sets forth the annual demand and delivery method and schedule, as agreed by the parties. Actual amounts are typically determined by individual purchase orders. The purchase orders will specify the quantity and our supply scope, purchase price, payment time, and delivery time, method and location.
Price and price adjustment mechanism:	Our sales agreement typically sets standard prices. To manage price fluctuations, the standard price may be adjusted based on the fluctuation of the price of the key raw materials with reference to third party industry pricing as well as foreign exchange fluctuations.
Payment:	Within an agreed time after signing the sales agreement, the customer must pay a deposit to secure the annual demand amount. Within an agreed time after each purchase order, the customer must make payment of the purchase price, following the credit term or installment payment schedule specified in the agreement.
Delivery:	We typically bear the costs and risks of transportation until delivery to the agreed location. We are required to package goods in accordance with the standard required by the customer, or if not specified, according to accepted industry standards.
Acceptance and inspection:	Customers should conduct inspections on name, model, specification, quantity, packaging, appearance, etc. of the product prior to acceptance, and should conduct all product quality inspections within a set time of receipt.

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After-sales services . We provide after-sales services for a period based on either number of cycle life or operation years. During the warranty period, we will provide free repair, maintenance or replacement and other after-sales services for products with quality problems, subject to terms and regulations on the use and testing of the products.

Termination: We may terminate the agreement where, among others, customers fail to pay for more than the agreed amount of time.

Individual purchase orders may be terminated by the customer where we fail to deliver the products beyond an agreed time period, or by us where we cannot deliver the products for reasons attributable to the customer.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contracts with our customers.

Top Five Customers

Revenue generated from our five largest customers in each 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 “Risk Factors — Risks Relating to Our Industry and Business — 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.”

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The following table sets forth details of our five largest customers in each year or period during the Track Record Period:

Year ended December 31, 2022									
No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount (RMB in thousands)	% of total revenue	Year of commencement of business relationship with us	Payment method
1 . .	Customer A	A company focusing on the research and development, production and sales of solar photovoltaic components, as well as providing photovoltaic power generation system solutions and energy Internet of Things services	China	(RMB) 2,173,560,162	ESS batteries	348,105	9.6%	2021	Wire transfers and negotiable instruments
2 . .	Customer B	A company integrating the research and development, production, sales of solar cell modules, solar power generation technology application products, and solar terminal application products, as well as the investment, construction and operation of solar power stations	China	300,000,000	ESS batteries	249,639	6.9%	2021	Wire transfers and negotiable instruments

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Year ended December 31, 2022

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		(RMB in thousands)				
3 . .	Customer C	A company specializing in the research and development, manufacturing, sales of wind power equipment, and providing wind power technical services and overall solutions	China	100,000,000	ESS batteries	243,395	6.7%	2022	60 days	Wire transfers and negotiable instruments
4 . .	Customer D	A large-scale state-owned energy enterprise with a full range of power generation products, including photovoltaic power generation, wind power, nuclear power, hydropower, etc., which also undertakes scientific and technological innovation tasks and promotes the coordinated development of coal, electricity, aluminum and other industrial chains	China	35,000,000,000	ESS batteries	226,056	6.3%	2022	30-90 days	Wire transfers and negotiable instruments

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Year ended December 31, 2022

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		(RMB in thousands)				
5 . .	Customer E	A large state-owned enterprise group mainly engaged in the engineering construction of large-scale electronic information systems, as well as the research and production of major equipment, communication and electronic equipment, software and key components	China	20,000,000,000	ESS batteries	211,558	5.9%	2022	100% Advance payment or 75 days	Wire transfers and negotiable instruments

BUSINESS

Year ended December 31, 2023

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount (RMB in thousands)	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)						
1 . .	Customer F	A photovoltaic enterprise engaged in the research and development, production and sales of silicon ingots, silicon wafers, solar cells and modules and application products, and providing photovoltaic application solutions, including large-scale energy storage products, household energy storage products, etc.	China	3,688,217,324	ESS batteries	893,579	8.8%	2022	Advance payment	Wire transfers and negotiable instruments
2 . .	Customer D	A large-scale state-owned energy enterprise with a full range of power generation products, including photovoltaic power generation, wind power, nuclear power, hydropower, etc., which also undertakes scientific and technological innovation tasks and promotes the coordinated development of coal, electricity, aluminum and other industrial chains	China	35,000,000,000	ESS batteries	686,939	6.7%	2022	Installment payment according to the contract	Wire transfers and negotiable instruments

BUSINESS

Year ended December 31, 2023

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		(RMB in thousands)				
3 . .	Customer E	A large state-owned enterprise group mainly engaged in the engineering construction of large-scale electronic information systems, as well as the research and production of major equipment, communication and electronic equipment, software and key components	China	20,000,000,000	ESS batteries	514,420	5.0%	2022	Installment payment according to the contract	Wire transfers and negotiable instruments
4 . .	Customer G	A company focusing on the technology research and development and product application of smart power supply systems, smart electrochemical energy storage systems, and smart hydrogen fuel cell systems, providing one-stop smart energy storage solutions	China	361,626,450	ESS batteries	511,641	5.0%	2022	60 days	Wire transfers and negotiable instruments

BUSINESS

Year ended December 31, 2023

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		(RMB in thousands)				
5 . .	Customer H	A central energy enterprise with full industrial chain businesses including coal, electricity, transportation, and chemicals, which has achieved world-leading performance in the fields of safe, green, and intelligent coal, and diversified, innovative, and large-scale development of new energy	China	132,094,661,149.8	Energy storage systems and ESS batteries	481,167	4.7%	2022	28 days	Wire transfers, letters of credit, and negotiable instruments

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Year ended December 31, 2024									
No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue	Year of commencement of business relationship with us	Payment method
				(RMB)		(RMB in thousands)			
1 . .	Customer I	A U.S.-headquartered developer and owner/operator of energy storage projects with several GWh of battery energy storage projects currently under construction or in operation	United States	N/A	Energy storage systems	2,239,739	17.3%	2024	Installment payment according to the contract Wire transfers
2 . .	Customer D	A large-scale state-owned energy enterprise with a full range of power generation products, including photovoltaic power generation, wind power, nuclear power, hydropower, etc., which also undertakes scientific and technological innovation tasks and promotes the coordinated development of coal, electricity, aluminum and other industrial chains	China	35,000,000,000	ESS batteries and energy storage systems	1,582,787	12.3%	2022	Installment payment according to the contract Wire transfers and negotiable instruments

BUSINESS

Year ended December 31, 2024

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount (RMB in thousands)	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)						
3 . .	Customer F	A photovoltaic enterprise engaged in the research and development, production and sales of silicon ingots, silicon wafers, solar cells and modules and application products, and providing photovoltaic application solutions, including large-scale energy storage products, household energy storage products, etc.	China	3,688,217,324	ESS batteries	993,109	7.7%	2022	45-60 days	Wire transfers and negotiable instruments
4 . .	Customer J	A portfolio company focused on advancing renewable energy solutions, with particular expertise in power generation, renewable energy and energy storage	United States	N/A	Energy storage systems	728,144	5.6%	2024	Installment payment according to the contract	Wire transfers

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Year ended December 31, 2024							
No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue Year of commencement of business relationship with us Credit terms Payment method
<i>(RMB)</i>							
<i>(RMB in thousands)</i>							
5 . .	Customer K	A state-owned enterprise engaged in the manufacturing and sales of generators and generator sets, the manufacturing of power transmission and distribution and control equipment, and the research and development of emerging energy technologies	China	30,000,000,000	ESS batteries and energy storage systems	640,344	5.0% 2022 28 days-8 months Wire transfers and negotiable instruments

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Six months ended June 30, 2025

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount (RMB in thousands)	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)						
1 . .	Customer F	A photovoltaic enterprise engaged in the research and development, production and sales of silicon ingots, silicon wafers, solar cells and modules and application products, and providing photovoltaic application solutions, including large-scale energy storage products, household energy storage products, etc.	China	3,688,217,324	ESS batteries	846,584	12.1%	2022	100% advance payment or 60 days	Wire transfers and negotiable instruments
2 . .	Customer K	A state-owned enterprise engaged in the manufacturing and sales of generators and generator sets, the manufacturing of power transmission and distribution and control equipment, and the research and development of emerging energy technologies	China	30,000,000,000	ESS batteries	507,897	7.3%	2022	30 days to 8 months	Wire transfers and negotiable instruments

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Six months ended June 30, 2025

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		(RMB in thousands)				
3 . .	Customer D	A large-scale state-owned energy enterprise with a full range of power generation products, including photovoltaic power generation, wind power, nuclear power, hydropower, etc., which also undertakes scientific and technological innovation tasks and promotes the coordinated development of coal, electricity, aluminum and other industrial chains	China	35,000,000,000	ESS batteries and energy storage systems	444,699	6.4%	2022	Installment payment according to the contract	Wire transfers and negotiable instruments
4 . .	Customer L	A private investment holding company engaged in strategic investments in new energy and energy storage sectors, with portfolio companies specializing in battery energy storage systems development, manufacturing and project implementation	China	50,000,000	ESS batteries	402,321	5.8%	2023	40-280 days	Wire transfers and negotiable instruments

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Six months ended June 30, 2025										
No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Sales amount	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		(RMB in thousands)				
5.	Customer I	A U.S.-headquartered developer and owner/operator of energy storage projects with several GWh of battery energy storage projects currently under construction or in operation	United States	N/A	Energy storage systems	393,316	5.6%	2024	Installment payment according to the contract	Wire transfers

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Our Directors confirm that none of our Directors, Supervisors or their respective close associates or any Shareholder holding more than 5% of our issued share capital held any interest in any of our five largest customers during the Track Record Period.

Product Pricing

We consider a number of factors in determining the pricing of our products, including, among others, raw material price trends, level of competition for similar products, customers’ industry positioning, nature of our relationship with customers and the relationship tier with customers, and impact on project decisions. We set pricing mechanisms based on different market conditions, product technical requirements and service requirements for our international business. We review local market prices when setting price benchmarks for different regions, which is used to determine regional adjustments our standard quotations. We also conduct regular reviews of other quotations in the market, and we update our recommended prices each quarter.

Seasonality

According to CIC, sales of energy storage products exhibit certain level of seasonality, which can be attributed to factors such as government policies and project application cycle. ESS sales are typically higher in the second half of the year compared to the first half of the year, primarily because connection of ESS to grids typically take place around year-ends. See “Risk Factors — Risks Relating to Our Industry and Business — 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.”

Customer Service

We are committed to creating a reliable and trustworthy brand image, providing customer-centric service. Through flexible, localized and integrated customer service and support throughout the product life cycle, we can simultaneously increase customer satisfaction and our brand image and value. Our comprehensive after-sales service includes on-site commissioning and acceptance, operation and maintenance, repair and replacement, and support services for battery recycling at the end of the product life. In addition, for small and medium-sized customers, we provide training and authorization services to reduce their initial investment, shorten project breakeven periods, and accelerate profitability; while for large-scale customers, we provide dedicated long-term services, including on-site technical support, data monitoring services, and on-site spare parts solutions to improve operation and maintenance capabilities, shorten fault handling time, and increase project utilization, delivering greater economic benefits to customers. Key value propositions of our comprehensive customer service model include:

- **Flexibility.** We provide flexible service solutions with different levels of coverage, providing a variety of service options appropriate to different customers needs in different regions. We provide full life cycle insurance service guarantees, including safety insurance, performance insurance and liability insurance, to improve product financing and enhance protection. We also operate a digital support platform, integrating product service support, scenario-based functions and partner tools for 24/7 remote monitoring and diagnosis services.

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- **Localization.** In China, the Americas, Europe and other emerging markets, we have established localized technical service networks to provide customers with high-quality technical services. For example, in the U.S., we have established an integrated service network leveraging four regional warehouses as strategic hubs, with intelligent warehouse management systems enabling 24-hour precise allocation of spare parts. At the same time, we have formed strategic alliances with eight local leading service providers, expanding our reach across the Americas, providing 48-hour emergency response and technical support across the product lifecycle. Through linking warehousing hubs with localized resources, we have built an efficient localized delivery and operation and maintenance system that can efficiently and promptly meet customer needs.
- **Integration.** We strive to create a one-stop shop after sales model, provide comprehensive engineered equipment package after-sales solutions, system integration installation and commissioning, and one-to-one service experience, solving customer service bottlenecks of fault identification, maintenance and communication. In addition, in response to EU recycling requirements, we provide support recycling support for customers.
- **Professionalism.** We strive to always provide customers with professional installation, commissioning, operation and maintenance and fault handling services. Through our global training center, we continually continuously strengthen our support personnels’ service knowledge and skills through on-the-job technical training, regular learning assessment and technical ability grading and equipping them with standard operation tool kits and designed special operation equipment. Through investing in training our service capabilities, we are able to deliver consistent and fast on-site diagnosis and fault identification, timely repairs, and rapid system recovery.

We offer standard product warranties of five years, which, if agreed by us, may be extended up to 25 years. Our product warranties typically cover defects in our products and conformity with specified product design, materials, workmanship, assembly and commissioning. If our products are defective under the warranty terms, we may, at our discretion, repair or replace the defective products.

During the Track Record Period and as of the Latest Practicable Date, we have not received any material customer complaints, and we did not experience any material product return incidents or warranty claims.

The United States Tariffs

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% additional reciprocal tariffs have been suspended until November 10, 2025. See also “Risk Factors — Risks Relating to Our Industry and Business — We face risks associated with the global operations and

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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.” In 2024 and for 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, 2023 and for the six months ended June 30, 2024, 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 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, especially compared to peers in the U.S., who are not subject to the special tariff imposed on exports from China. As the raised tariff is relatively new and evolving, despite that we have been in active communications with our customers, the pricing arrangement of our products sold the United States currently remained unchanged but may be subject to adjustments in the future, which may be harmful to the competitiveness of our products in the U.S. market. See “Risk Factors — Risks Relating to Our Industry and Business — 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.”

Moreover, we have established a production base in Texas, the U.S., with a site area of 484,441 sq.ft. (approximately 45,006.04 sq.m.), and designed annual production capacity of 10GWh of energy storage systems. As of the Latest Practicable Date, the new production base has commenced mass production. Going forward, we believe that we are able to mitigate the risk related to the U.S. tariffs leveraging our local production capacity of energy storage systems in the United States. We believe that upon completion of such production facility, we will not be subject to significant additional tariffs as compared to peers in the U.S. market.

In addition, despite recently raised tariffs, there remains strong demand in the lithium-ion energy storage market in the U.S. supported by rapidly growing global demand for green power, supportive policies introduced in various countries to promote the high-quality development of lithium-ion energy storage, rapid development of green and low-carbon data centers, and the demand for LDES. As a result, the shipment volume of lithium-ion ESS batteries in the U.S. is expected to increase from 60.9GWh in 2024 to 357.8GWh in 2030, with a CAGR of 34.3% from 2024 to 2030. For details, see “Industry Overview — Overview of the Global Lithium-ion Energy Storage Market — Analysis of Lithium-ion Energy Storage Markets Across Regions — Lithium-ion Energy Storage Market in the U.S.”

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Other than the United States, we are also actively exploring commercialization opportunities, other major overseas markets with high growth potential. As part of our globalization strategy, we plan to further expand our presence in other overseas markets. For example, in the first half of 2025, we have (i) received orders for 3.5 GWh of our products in aggregate from customers in Europe, (ii) received orders for 0.9 GWh of our products in aggregate from customers in South America, and (iii) received design-wins for over 1 GWh of our products in aggregate from customers in Australia.

As a result, our Directors are of the view that, after taking into the considerations of the circumstances and mitigation measures above, the recently raised tariff by Trump administration should not have a material and adverse impact on our Group’s overall business, financial condition and results of operations in the long run. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to cast doubt on the Directors’ view above in any material respect. Nonetheless, as relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts, and we will closely monitor relevant situation.

BUSINESS SUSTAINABILITY AND PROVEN PATH TO PROFITABILITY

Background for Historical Loss

In 2024, we achieved profitability and recorded net profits of RMB287.6 million, and recorded net profits of RMB212.8 million for the six months ended June 30, 2025, demonstrating our ability to grow sustainably and profitably in a short span of time since our inception. In 2022 and 2023, we recorded net loss of RMB1,776.9 million and RMB1,975.0 million, respectively, with a net loss margin of 49.2% and 19.4%, respectively. Our historical loss-making positions in 2022 and 2023 were primarily because we recorded significant amount of fair value loss on puttable shares liabilities of RMB1,290.5 million in 2022 and RMB1,715.8 million in 2023. As the obligations arising from the redemption rights and liquidation preferences attached to relevant shares were terminated in 2023, we did not record fair value loss on puttable shares liabilities in 2024 and for the six months ended June 30, 2025. In addition, excluding the impact of fair value loss on puttable shares liabilities, we would still record net losses in 2022 and 2023, and we recorded accumulated losses as of January 1, 2022. This was mainly because (i) as a company with relatively short operating history, we were still in the process of large-scale commercialization and our significant upfront investments, such as investments production capacity and R&D, has yet to achieve economies of scale; (ii) before 2024, substantially all of our revenue were generated in mainland China where the gross profit margins are lower than those in overseas market and (iii) we incurred significant amount of share-based payments, particularly in 2022 amounting to RMB381.8 million, to incentivize our employees.

During the Track Record Period, we recorded improving gross profit margins of 11.3% in 2022, 12.1% in 2023, 17.9% in 2024, and 13.1% for the six months ended June 30, 2025. Moreover, we incurred significant upfront investments such as expenses in research and development to optimize our solutions and enhance our technological leadership, and administrative expenses to keep pace with the increasing administrative needs arising from rapid global business expansion. We believe that such significant investments were crucial to rapidly establishing a sustainable business platform for profitability.

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Proven Path to Profitability

We achieved profitability in 2024 and for the six months ended June 30, 2025 primarily through (i) increasing sales revenue through further expanding customer base and geographic reach, (ii) expanding product portfolio with increasing gross profit margins and international sales as well as enhanced gross profit margin in domestic market, and (iii) improving operational efficiency and cost management.

Increasing Sales Revenue through Further Expanding Customer Base and Geographic Reach

During the Track Record Period, we have rapidly increased our sales volume of ESS batteries from 3.3GWh in 2022 to 28.3GWh in 2024, and from 5.9GWh for the six months ended June 30, 2024 to 22.9GWh for the six months ended June 30, 2025, demonstrating continued strong growth momentum. Our energy storage systems sales volume from 1.0GWh in 2022 to 5.3GWh in 2024, and increased from 0.2 GWh for the six months ended June 30, 2024 to 1.7GWh for the six months ended June 30, 2025. Rapid growth in our sales volumes during the Track Record Period was mainly attributable to increasing customer demand driven by key features of our products in terms of safety, energy efficiency, consistency, lifetime, and cost-effectiveness. For example, at the material and battery levels, we enhance overall battery performance — improving lifetime, energy efficiency, and cost — through synergistic optimization in material development and battery design. At the manufacturing process and equipment level, we focus on improving product quality and consistency. At the system and control levels, we focus on battery management, energy management, power conversion, and thermal management technologies, boosting energy efficiency and safety. As a result, our energy storage products achieve industry-leading performance in terms of thermal safety. By constantly developing and offering high-quality products that meet customers’ evolving energy storage needs, we achieved significant increase in sales volume during the Track Record Period.

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% additional reciprocal tariffs have been suspended until November 10, 2025. However, we believe that the recently raised tariff by Trump administration should not have a material and adverse impact on our Group’s overall business, financial condition and results of operations in the long run. For details, see “— Sales, Marketing and Customers.” Nonetheless, we believe that our future growth is expected to be supported by favorable industry trends. According to CIC, the global shipment volume of lithium-ion ESS batteries reached 196.7GWh in 2023, and is expected to further grow from 314.7GWh in 2024 to 1,451.3GWh by 2030, at a CAGR of 29.0% from 2024 to 2030. We believe that leveraging such favorable industry tailwinds and developing our global market penetration to reach new customers and geographic regions will continue to drive our profitability. In particular, we have and will continue to focus on our global business development, such as the United States, Europe, and emerging markets. For our overseas customers, key steps in our typical customer acquisition and sales process involves (i) identifying and sourcing new business opportunities, such as through attending industry events and conferences, word-of-mouth referrals and direct

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promotions by our sales and marketing team, (ii) confirming project proposals, (iii) bidding/soliciting quotations, (iv) confirming project plans, (v) negotiating and executing agreements, (vi) production and delivery, and (vii) providing after-sales services. In the first half of 2025, we have entered into 42 agreements with customers from Bulgaria, Germany, Chile and United States regarding sales of over 3.8 GWh of energy storage systems. We have been successfully expanding our international reach, with an established market presence in over 20 countries and regions as of the Latest Practicable Date, and we have significantly increased our revenue from overseas markets from RMB33 thousand in 2022 to RMB101.1 million in 2023, and further RMB3,700.1 million in 2024, accounting for 28.6% of our revenue in 2024. Moreover, our revenue from overseas markets increased significantly from RMB70.7 million for the six months ended June 30, 2024 to RMB1,221.0 million for the six months ended June 30, 2025. Such increase in sales volume for our products from overseas markets was mainly because we accelerated overseas expansion efforts since 2023. There have been significant unmet demands for high-quality energy storage products in overseas market, and as a result, we were able to rapidly capture significant commercialization opportunities in overseas market. Going forward, we will continue to expand our customer base and geographic reach, deepening our market presence in existing key markets as well as entering new, high-potential markets.

Improving Gross Profit Margins with Expansions in Product Portfolio and International Sales as well as Enhanced Gross Profit Margin in Domestic Market

As a result of increasing demand for our energy storage systems, especially from overseas markets, our revenues generated from energy storage systems increased significantly to 36.2% in 2024, from 25.2% in 2022 and 19.3% in 2023, and increased from 7.9% for the six months ended 30 June 2024 to 18.3% for the six months ended 30 June 2025. Our energy storage systems are comprehensive integrated systems combining our ESS batteries with advanced thermal management systems, multi-stage active fire protection systems and battery management systems. Therefore, as energy storage systems integrate more components and functions which are less affected by the changes in prices for raw materials of ESS batteries, the gross profit margins of our energy storage systems, being 15.0% in 2022, 13.2% in 2023 and 33.7% in 2024, and 11.2% and 29.7% for the six months ended 30 June 2024 and 2025, respectively, which are higher than those of our ESS batteries, being 10.7% in 2022, 12.5% in 2023 and 9.0% in 2024, and 3.2% and 9.7% for the six months ended 30 June 2024 and 2025, respectively. Moreover, our gross profit margin for overseas sales was 39.4% in 2022, 31.9% in 2023 and 42.3% in 2024, and 34.7% and 30.5% for the six months ended June 30, 2024 and 2025, respectively. as compared to our gross profit margin for domestic sales in mainland China of 11.3% in 2022, 11.9% in 2023 and 8.1% in 2024, and 2.6% and 9.5% for the six months ended June 30, 2024 and 2025, respectively. This was primarily because (i) we mainly sold energy storage systems with a higher average selling price in overseas markets, which is consistent with industry norm due to stronger demands and willingness to pay for high-quality products in such overseas markets. In 2023 and 2024, and for the six months ended June 30, 2024 and 2025, sales of energy storage systems accounted for 97.8%, 99.6%, 96.7% and 99.3% of our total sales in overseas market, and (ii) the sales volume of energy storage systems increased driven by the strong demands in overseas markets for energy storage products, which is expected to account for an increasing portion of our total sales, thereby enabling us to

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achieve higher profit margins. According to CIC, the difference between our gross profit margins in China and overseas is consistent with industry norm. With energy storage systems and overseas sales continue to account for a significant portion of our total revenues, we believe that our overall profitability will be benefited. Notably, our domestic gross profit margin in mainland China has demonstrated a strong recovery and continued improvement, rising from 2.6% in the first half of 2024 to 8.1% for the full year 2024, and further advancing to 9.5% for the six months ended June 30, 2025. This progressive improvement demonstrates the benefits of our advanced technology capabilities, well-established sales network and operational improvements, which have enhanced our competitive position in the domestic market. Given that mainland China continues to represent a substantial portion of our total revenue, the sustained improvement in domestic gross profit margin is expected to have a significant positive impact on our overall profitability.

As a new energy technology company driven by innovation, we have been focusing on breakthroughs in core energy storage technologies. With a dual-focused research and development strategy centered around LDES and sodium-ion battery technologies, we aim to strengthen our technological barriers and solidify our leadership position in the global energy storage sector. In our LDES strategy, we have developed a product matrix centered around the ∞Power 6.25MWh long-duration energy storage system with GWh-level mass production capacity achieved for the second half of 2025, specifically targeting application scenarios of four hours and longer. Regarding our sodium-ion battery strategy, we will accelerate the industrialization of sodium-ion ESS batteries, while simultaneously developing sodium-ion energy storage systems and solutions. As of the Latest Practicable Date, for our LDES products, we have entered into cooperation agreements with a number of customers worldwide, including customers from the United States, Europe and the Middle East. We have also been in active discussions with potential customers regarding our sodium-ion ESS batteries.

Improving Operational Efficiency and Cost Management

We believe in strict adherence to effective and comprehensive cost management initiatives and policies as a key driver of sustainable growth. As we continue to rapidly scale our business operations, we have incurred increasing operating expenses in absolute amounts, however through taking measures to improve operational efficiency and control costs, during the Track Record Period, our operating expenses have continued to decrease as a percentage of revenue, from 25.5% in 2022, to 14.1% in 2023 and further to 12.6% in 2024, and decreased from 34.3% for the six months ended 30 June 2024 to 13.6% for the six months ended 30 June 2025 while our cost of sales has also decreased from 88.7% in 2022 to 87.9% in 2023 and further to 82.1% in 2024 and decreased from 96.4% for the six months ended 30 June 2024 to 86.9% for the six months ended 30 June 2025. We have and will continue to adopt various initiatives to improve operational efficiency and cost management, such as (i) further investments in advanced intelligent manufacturing equipment, technology and processes to improve production efficiency, maximize production utilization rates while reducing manufacturing costs, (ii) improving administrative and R&D efficiency by using intelligent technologies, and (iii) growing economies of scale.

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We believe the above strategies have demonstrated a proven, sustainable path to profitability. Going forward, we will seek to continue to maintain and improve our profitability by continuing to implement and further refine the above strategies to reflect our growing business scale and market developments.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Our inventory primarily includes raw materials, work-in-progress and finished goods. We maintain a network of both self-owned warehouses at our Xiamen production base, as well as warehouses leased and managed by third parties. We partner with third party service providers who offer storage and logistics services, including inventory storage and management, loading/unloading, warehouse transfers and transportation services. Our warehouses employ a comprehensive WMS, which enables real-time monitoring of all our inventory, while the warehousing process is controlled through digital systems for accurate and efficient management.

Our inventory management strategy includes the overall consideration of various factors such as anticipated price increases in raw materials and equipment, as well as trends in demand growth. In response to these uncertainties, we implement measures to set safety inventory levels, such as developing inventory policies based on market trends, maintaining reasonable levels of safety inventory for critical raw materials, and establishing stable partnerships with suppliers to ensure timely delivery and stable production. Through effective inventory management and the establishment of safety inventory, we aim to reduce supply chain risks and enhance our ability to respond to market changes.

AWARDS AND RECOGNITIONS

The following table sets forth some of our recent major awards and achievements.

Award Year	Award Name	Award Institution
2022.	National High-tech Enterprise	Xiamen Municipal Bureau of Industry and Information Technology, Xiamen Municipal Bureau of Science and Technology
2023.	GlocallN Top 50 PRC Global Enterprises	MIT Technology Review
2024.	Tier 1 Energy Storage Manufacturer	BloombergNEF
2024.	National-level Green Factory	PRC Ministry of Industry and Information Technology

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Award Year	Award Name	Award Institution
2024.	Top 500 Global New Energy Enterprises	China Energy News, China Energy Economics Research Institute
2024.	National-level Green Supply Chain Management Enterprise	PRC Ministry of Industry and Information Technology

INFORMATION TECHNOLOGY

We believe that information technology is essential to maintain our competitive position. We utilize a number of information technology systems to manage all aspects of our operations, including but not limited to production, quality control, inventory management, supply chain, sales and customer relations. The following information technology systems are the most critical to our business among our collective integrated information systems:

Customer Relationship Management (CRM) system	Our CRM system enables us better manage customer lead and opportunities, sales forecasting and performance, and marketing campaigns, while enabling real-time data analysis and reporting integrating, among other functions, customer information management, sales management, marketing management, customer service management and data analysis, for efficient management across the entire customer relationship cycle from the identification of potential customers, to sales conversion, to ongoing maintenance of long-term customer relationships.
Enterprise Resource Planning (ERP) system	Our SAP ERP system serves to unify financial management, supply chain management, production and manufacturing management, sales management, procurement management and project system management into a single, comprehensive system to achieve dynamic, closed-loop, optimized management and control of procurement and logistics.
Product Lifecycle Management (PLM) system	Our PLM system enables product data management, bill of materials (BOM) management, product design and collaboration, product alteration management, project management and product configuration management. Our PLM system integrates digital design tools and document management software to enable seamless for seamless information flow across different functions, while it is also synchronized with our ERP, office and other systems to ensure automatic updates of product information to maintain consistency and accuracy.

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Manufacturing Execution System (MES)	Our MES enables centralized management over work orders, production execution, materials, production processes and abnormalities, as well as product traceability. Our MES is deeply integrated into the production process. During the manufacturing process, the MES sends instructions to production equipment, establishes product production parameter specifications and standards, and controls the execution of production equipment. As products move through the production process, barcode scanners, CCD sensors and other sensors records the information, which is monitored and analyzed at each step by the MES. If abnormalities are found, defective products are identified and notifications sent to relevant personnel to removed such defective products from the production line, while the data monitoring and analysis platform provides real-time feedback on production anomalies.
Quality Management System (QMS)	Our QMS manages incoming and outgoing finished products inspection, process quality, inspection standards and incorporates statistics process control. As part of our comprehensive product quality management, we ensure that the quality information at all stages, such as raw materials, design, production, and use of products, is fully collected, accurately recorded, and efficiently managed. We have built a comprehensive QMS that integrates MES production process data and IoT data collection technology, and enables information management and process traceability across the entire quality management process of incoming material inspection, production process inspection, finished product inspection, and shipment inspection.
Warehouse Management System (WMS)	Our WMS enables real-time monitoring of the location, quantity and status of each piece of inventory, while the entire warehousing process is controlled through tag management such as barcodes. Sophisticated inbound and outbound inventory management improves inventory turnover rate, while intelligent scheduling systems enables our network of automated guided carts to quickly and accurately move inventory from the storage area to the designated cargo location, thereby reducing manpower requirements while improving efficiency and accuracy.
Collaborative office system	Our collaborative office system drives internal communications and cross-departmental compliance collaboration and approval process scenarios, such as, among others, leave applications, business trips, procurement, finance, overseas business and other approval processes.

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DATA SECURITY

During the course of our business, we may collect, process and store various types of data concerning our customers, suppliers and other business partners. The user data we collect primarily include (i) basic information, such as names and contact information, which are used primarily to communicate with customers and provide after-sales services, (ii) transaction information such as product models, quantity, transaction amounts and time, which are used primarily for financial accounting and statistical and market analysis, and (iii) website data, such as IP addresses, browser type, language, software and hardware features etc., which are used primarily for optimizing user web experience and statistical analysis. We require the consent of customers and employees prior to collection of their personal information. We believe data security is critical to our business operations and we are committed to complying with all applicable laws and regulations on data security and privacy, including Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), and other applicable laws and regulations in the markets that we operate in, such as the EU General Data Protection Regulation.

To ensure our data security, we have formulated strict internal data security and compliance policies, built advanced data security-related systems, and installed professional security equipment. We encrypt all sensitive data, and restrict data access rights to authorized personnel. We have implemented information classification policies, advanced data encryption systems and comprehensive access control systems to protect the confidentiality and security of our data and prevent unauthorized access, while high-performance firewall devices and advanced intrusion detection and prevention systems protect our network security from external threats. We also implement reliable data backup and recovery systems to ensure that data can be quickly restored in the event of sudden disasters or system failures, thereby minimizing the risk of data loss. At the individual level, we have also formulated a policy setting forth various incentives and disciplinary sanctions for information security management. We also regularly conduct internal data security audits, as well as regular inspections by external third-party assessment agencies, to ensure that data processing activities comply with laws and regulations and our internal regulations. We closely monitor changes in domestic and international data regulations and promptly update our internal data management system and processes, while continuously improving the level of data security technology, strengthening data compliance training for employees, and enhancing data security awareness of all employees.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss incidents.

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COMPETITIVE LANDSCAPE

We operate in the global energy storage industry, and we are the only company among global lithium-ion battery manufacturers with a GWh-level global shipment volume of lithium-ion ESS batteries that is dedicated to the energy storage sector, according to CIC. The global lithium-ion energy storage market is expected to grow rapidly from 2024 to 2030, being driven by factors such as continual growth in global green energy demand, introduction of favorable policies, rapid growth of data centres generating increasing demand for energy storage systems, and improved cost-effectiveness by the application of LDES systems. According to CIC, the global energy storage industry has a high market concentration, with the market share of the top five ESS battery companies reached 74% in 2024, in terms of lithium-ion ESS battery shipments. Among competitors, we ranked third in the global energy storage market in 2024, in terms of lithium-ion ESS battery shipments, with a market share of 11%, according to CIC. See “Industry Overview” for more details on our competitive landscape, market drivers and development trends.

EMPLOYEES

As of June 30, 2025, we had 7,765 full-time employees. Substantially all of our employees were based in China. The following table sets forth the number of our employees by function as of June 30, 2025:

<u>Function</u>	<u>Number of employees</u>	<u>Percentage of total employees</u>
R&D	1,038	13.4%
Manufacturing and production	5,282	68.0%
Sales and marketing	297	3.8%
General and administrative	1,148	14.8%
Total	<u>7,765</u>	<u>100.0%</u>

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. The amount we are required to contribute for our employees under such plan should be calculated based on the employee’s actual salary level of previous year, and be subject to a minimum and maximum level as prescribed by local authorities. 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.

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We typically enter into standard employment, confidentiality and non-compete agreements with our senior management and core personnel. These contracts include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for a period not exceeding two years after termination of his or her employment. We maintain a good working relationship with our employees, and we have not experienced any material labor disputes during the Track Record Period.

Recruiting

We primarily recruit talents through campus recruitment and open recruitment channels following annual plans and employee turnover requirements. To ensure the quality of new hires, we set criteria, such as academic degree requirements commensurate with the level of seniority of the position. We have also established internal referral channels to fill appropriate hiring demands. We enter into standard employment contracts and confidentiality agreements with our employees. We also enter into a non-competition agreement with our key employees.

Remuneration and Benefits

We believe in providing our employees with attractive remuneration packages and a dynamic work environment that can motivate our employees to grow rapidly and create value. We offer employees competitive compensation and benefits, including monthly salaries, performance-based bonuses and various allowances, and various welfare benefits and opportunities for employee learning and development. In terms of benefits, we provide employees with a broad range of benefits including holiday welfare packages, holiday celebration activities, commercial insurance, annual health check-ups, meal subsidies, accommodation subsidies, and transportation subsidies for employees. We also provide various quality of life allowances including marriage subsidies and childbirth subsidies, among others.

Training

We focus on the career development of all employees. We have established a systematic training management system to provide corresponding training plans for the training needs of different employees at the company level, department level, and team level. Our employee training system mainly includes leadership training for managers, induction training for new employees, adaptability training to ensure that employees master appropriate job skills, and developmental training to promote professional and career continuous development. In professional development, We carry out systematic leadership and management training for second- and third-level department heads to advance professional development, conduct systematic induction training for new domestic and foreign employees to accelerate the cultural integration and professional ability improvement of new employees, and conduct engineering system training for developmental training. We design training programs and curricula of our engineer team according to their career development path. We have also established our Hithium Academy, which is responsible for coordinating the formulation, planning, development and management of our training system, establishing evaluation systems and standards, and issuing annual training plans.

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PROPERTIES

We own and lease certain properties in China and overseas primarily to be used as production facilities, R&D, warehouses and offices. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of June 30, 2025, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

Owned Land and Properties

As of the Latest Practicable Date, we owned 6 parcels of land with a total gross land area of approximately 1,552,265.25 sq.m. and 15 properties with a total area of approximately 532,113.59 sq.m located in China. These properties are primarily used for R&D, production and offices.

As of the Latest Practicable Date, we owned one parcel of land with a total gross land area of approximately 484,441 sq.ft. (approximately 45,006.04 sq.m.) located in Texas, the U.S., being the site of our new Texas production base, which will primarily be used for production.

Leased Properties

As of the Latest Practicable Date, we had 15 leased properties in China with a total area of approximately 97,475.47 sq.m., primarily used for warehousing, R&D and offices.

As of the Latest Practicable Date, we had 7 leased properties in the U.S., Germany, Hong Kong, Australia and Japan with a total area of approximately 1,356.61 sq.m. These properties are primarily used for offices.

Leased Properties with Title Defects

Certain of the properties leased by us have title defects due to various reasons. As of the Latest Practicable Date, such leased properties with title defects included five leased property used for warehousing and R&D purposes with an aggregate floor area of approximately 19,469.26 sq.m.. For these properties, the lessor with whom we entered into lease agreement failed to provide the ownership certificate or alternative construction permits, hence we cannot ensure that it has the right or authorization to lease such property to us. See “Risk Factors — Risks Relating to Our Industry and Business — 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.”

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As advised by our PRC Legal Adviser, it is the relevant lessors’ responsibility to comply with the relevant requirements, such as to obtain the relevant ownership certificates. The lease agreement may be deemed invalid and unenforceable in accordance with the relevant laws and regulations. As a tenant, we are not subject to any administrative punishment or penalties due to the title defects of the leased properties under relevant laws and regulations. However, our use of the leased properties with title defects may not be able to continue during the term of the lease, and we may be required to vacate from such properties.

Since the above-mentioned property with title defects has obtained a certificate issued by the competent government department that the property is not listed in the scope of relocation, or a statement issued by the lessor to give compensation if the property can no longer be used, and even if we are not able to continue to use such leased properties due to such title defects, we expect to be able to identify alternative places for relocation in a timely manner without incurring material related loss, which will not cause a material interruption to our operations. Our Directors believe that these title defects would not cause a material adverse impact on our business, operations and financial results.

Lease Registration

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.

As advised by our PRC Legal Adviser, 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. However, 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. Based on the number of these properties and the cities where they are located, we believe the potential penalties due to failure to register and file all the relevant lease agreements will not have a material adverse effect on our operating condition and financial condition, as we expect to be able to identify comparable alternative places for relocation in a timely manner without incurring material related loss.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Governance

Our Board is firmly committed to ensuring strict adherence to the highest standards of corporate governance principles. It has established a Strategy and Sustainable Development Committee, which is responsible for comprehensively coordinating our ESG initiatives. Our Strategy and Sustainable Development Committee has clearly defined its ESG responsibilities, approving and periodically reviewing our ESG strategy to ensure its alignment with our long-term development strategy and drive sustainable operations. At the same time, our

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Strategy and Sustainable Development Committee regularly reviews and updates policies and action plans related to key ESG topics such as climate change, resource management, labor rights, and other relevant areas, ensuring these policies remain aligned with the Company’s overall strategic goals.

Our Board of Directors is composed of seven members, each possessing professional expertise in ESG-related areas such as industry, finance, business administration, law, and human resources management. All directors have extensive industry experience. Among them, Mr. Jack Lin has extensive industry experience in the field of sustainable development. He served as the president of MIOTECH from 2022 to 2024, a member of the Global Executive Board and the managing director of MSCI (a U.S. index compilation company) from 2018 to 2021 (See “— Board of Directors” above for details of his biography). These professional capabilities and industry experience enable our Board to be capable of effectively overseeing the identification and management of ESG risks, making forward-looking decisions on ESG strategic planning, ensuring alignment of the Company’s ESG governance framework and strategic roadmap with international standards, and continuously enhancing the Company’s ESG performance.

Background of Our Strategy and Sustainable Development Committee

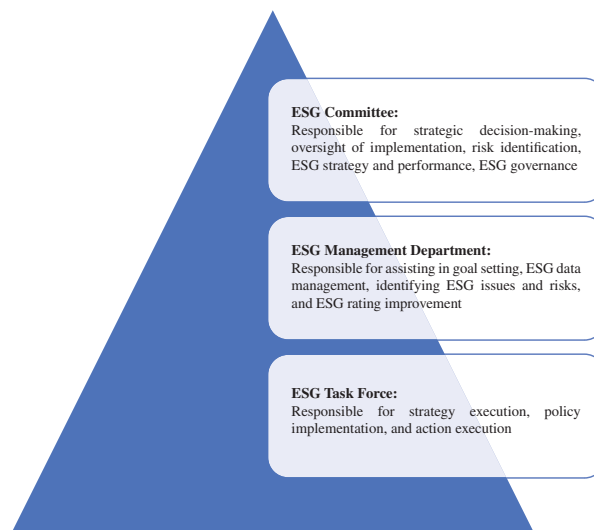
Position	Name	Gender	Concurrent Management Role	Industry/ Professional Background
Chairman of the Board	Wu Zuyu (吳祖鈺)	Male	Chairman and Executive Director	New Energy/R&D
Director	Wang Pengcheng (王鵬程)	Male	General Manager	New Energy/Business Development, Investment
Director	Yi Ziqi (易梓琦)	Male	Deputy General Manager	New Energy
Independent Director .	Huang Yunhui (黃雲輝)	Male	/	R&D
Independent Director .	Jack Lin (林偉傑)	Male	/	Law, Sustainability

In overseeing significant transactions and decisions, our Board fully considers ESG-related risks and opportunities. For example, in mergers & acquisitions, new market entries, or other strategic decisions, our Board conducts comprehensive assessments of the potential impacts on the environment, society, employee welfare, and other relevant areas, ensuring that all decisions align with our commitment to sustainable development and lay a solid foundation for long-term value creation.

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To ensure effective ESG risks identification and the implementation of corresponding mitigation measures in major decision-making processes, we have established a three-tier ESG management framework consisting of the “ESG Committee — ESG Management Department — ESG Task Force.” This structure enables seamless integration and coordinated advancement across the entire process, from decision-making to management to execution. The ESG Committee is chaired by the chairman of our Board, with our senior management serving as its members, the members of the ESG Committee also possess professional expertise in ESG-related areas and have extensive industry experience. Among them, Mr. Hu Zhijia served as the vice president of OMT and general manager of the supply chain center at Farasis Energy (Gan Zhou) Co., Ltd. (孚能科技(贛州)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688567), from May 2020 to January 2024. Ms. Wu Liqing worked at Shenzhen Taiji Data Technology Co., Ltd. (深圳太極數智技術有限公司), as the chairman of the board from May 2021 to September 2023 (See “— Senior Management” above for details of their biography).

By incorporating our management, ESG functional departments, and working groups across our Group and production bases into a unified ESG management system, we ensure that ESG strategies are effectively driven from the highest decision-making level. Through efficient execution and cross-functional collaboration, ESG initiatives are deeply embedded into all aspects of corporate operations, reinforcing our commitment to sustainable development.



Background of Our ESG Committee Members

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Position	Name	Gender	Role/Responsibilities	Industry/ Professional Background
Chairperson	Wu Zuyu (吳祖鈺)	Male	Chairman	New Energy, R&D
Member	Wang Pengcheng (王鵬程)	Male	General Manager	New Energy, Business Development, Investment
Member	Hu Zhijia (胡志嘉)	Male	Deputy General Manager	New Energy, Procurement
Member	Wu Liqing (吳麗卿)	Female	Deputy General Manager	Finance, Investment
Member	Lan Wenzhen (藍文貞)	Male	Responsible for sustainable growth	Intellectual Property
Member	Zhao Jide (趙繼德)	Male	Responsible for human resource	Human Resources

In addition, we engage independent ESG advisors — including SynTao (商道諮詢), SGS, TÜV Rheinland, and TÜV SÜD — to provide professional advice on our ESG management practices. This ensures that the Company remains well-informed of and complies with the latest international and domestic ESG requirements, and that our ESG strategy is formulated and implemented in a scientific and reasonable manner to achieve ESG objectives.

In August 2023, we officially joined the United Nations Global Compact (UNGC), committing to supporting its Ten Principles across the areas of human rights, labor, environment, and anti-corruption. We are committed to building green factories and driving the green and low-carbon transition of the industry and region, contributing to the national green manufacturing strategy. We implement the following measures to achieve this goal. In 2024, due to our outstanding performance in green manufacturing, we were listed on the Green Manufacturing List published by the Ministry of Industry and Information Technology and awarded the title of National Green Factory.

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Our “HIMPACT 2037” Strategy

Through in-depth research into changes in the macro environment, we have identified potential risks and opportunities in areas such as climate change, consumer markets, overseas policies, and industry technological innovations. We have developed the “HIMPACT 2037” sustainable development strategy, setting specific goals and commitments for 2025, 2028 and 2037 in our key areas of focus, and use methods in compliance with the relevant national standards and industry norms for statistics and calculation of underlying indicators. To ensure the implementation of our sustainable development strategy, we actively promote a series of transformative actions in current and future business models and resource allocation. These efforts are aimed at adapting to industry and environmental changes and achieving long-term sustainable development goals. We have formulated a transition plan that includes technological innovation, value chain collaboration, and talent development, and we are ensuring the necessary resource support for these initiatives.

- **Digital and Intelligent Integration.** We adhere to our digital and intelligent strategic objectives, harnessing technologies such as artificial intelligence and big data to enhance our management efficiency and decision-making precision. We have developed the industry’s first integrated carbon management platform, combining organizational carbon inventories, product carbon footprints, and carbon verification certification, significantly improving the efficiency and quality of carbon data management. In 2024, the platform received the “System Product Calculation Certification” from TÜV Rheinland, highlighting our digital capabilities in carbon emission accounting and management.
- **Value Chain Collaboration.** We will enhance collaboration with upstream and downstream enterprises across the supply chain to jointly promote green technology innovation and circular economy practices. We will also ensure that the procurement of products and raw materials complies with environmental and ethical standards.
- **Sustainable Talent Development.** We will continue to increase our investment in talent development by establishing a systematic ESG governance framework to enhance employees’ awareness of sustainable development. Furthermore, through training and performance-linked mechanisms, we will empower every employee to actively contribute to our sustainable development goals.

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Materiality Assessment

To ensure the effective implementation of our sustainable development strategy, we systematically identify relevant environmental, social, and governance risks based on our own business conditions and industry characteristics. This process incorporates references to domestic and international ESG standards, policies, and industry trends, as well as key focus areas in global ESG ratings. Through methods such as stakeholder surveys, we assess and prioritize risks in terms of their likelihood and impact. Key steps taken in our assessment process are as follows:

- **Issue Identification and Preliminary Analysis.** By conducting a benchmarking analysis against the United Nations Sustainable Development Goals (SDGs) and their sub-goals, we initially identify potential issues and compile an issue database.
- **Stakeholder Feedback and Risk-Opportunity Analysis.** We collect feedback from key stakeholders through surveys to assess the risks and opportunities each issue present to the Company’s business. At the same time, we refer to industry experts’ opinions to ensure the accuracy of the issue analysis and identify issues with the greatest long-term impact on the Company’s development.
- **Internal Management Assessment.** We gather ratings from our management on the current management maturity for each issue to identify areas of weakness. In response to the identified areas of weakness, we will formulate targeted integration and improvement plans, clarify improvement goals and specific measures, and ensure that various management processes and systems are more comprehensive and efficient.

In accordance with the Hong Kong Stock Exchange’s Environmental, Social, and Governance Reporting Guide, we have conducted a materiality analysis of our ESG topics. This assessment references the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG), the EFRAG IG 1: Materiality Assessment Implementation Guidance issued by the EFRAG, and the Sustainability Reporting Standards (2021) set by the Global Sustainability Standards Board (GSSB). Based on this analysis, set forth below are the key material ESG issues we have identified, as well as the key risks and opportunities we have identified under each issue.

In the process of conducting materiality assessments of ESG topics, we carry out in-depth interviews with senior executives and functional departments to gain insights into the current maturity of topic-specific management and future management plans. SWOT analysis is employed to identify the Company’s strengths, weaknesses, potential risks, and opportunities with respect to relevant topics. We assess whether each risk or opportunity carries financial materiality over different time horizons and analyze the trend of its anticipated financial impact in the short, medium, and long term. This enables us to determine management priorities and ensure that resources are allocated in a targeted and effective manner. Based on the results of this analysis, the Company formulates specific control measures, defines timelines, responsible departments, and individuals, tracks implementation progress, strengthens risk prevention and control, and enhances the Company’s ability to capitalize on opportunities.

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Environment	Social Responsibility	Corporate Governance
- Clean Technology Opportunities - Tackling Climate Change - Product Carbon Footprint	- R&D Innovation - Customer Service - Intellectual Property Protection - Product Quality and Safety - Sustainable Supply Chain	Corporate Governance

Analysis of Our ESG-Related Risk and Opportunity

Topic	Attribute	Risk and Opportunity Analysis
R&D and Innovation . . .	Risk	Slow progress or failure in technological R&D may lead to wasted R&D investment, adversely affecting the Company’s future market share and revenue expectations.
	Opportunity	Innovation may enable entry into new markets or development of new business areas, thereby enhancing the Company’s market competitiveness within the industry.
Customer Service	Risk	Issues in customer service or improper handling of customer complaints may directly harm the Company’s brand reputation, leading to customer attrition and revenue loss in the future.
	Opportunity	By providing high-quality customer service, the Company can enhance customer loyalty and satisfaction, increase repurchase rates, and drive sales growth.

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Topic	Attribute	Risk and Opportunity Analysis
Clean Technology Opportunities .	Risk	Market demand fluctuations for clean technology may affect the market performance of the Company’s products, leading to revenue uncertainty.
	Opportunity	Investing in clean energy and developing clean technology products enables the Company to continuously increase its market share in the new energy sector.
Intellectual Property Protection . . .	Risk	Patent infringement or insufficient IP protection may result in litigation and compensation, directly affecting the Company’s financial health.
	Opportunity	The accumulation and protection of intellectual property can help the Company build technological barriers, enhance competitiveness, and generate long-term patent income.
Climate Change Response	Risk	Supply chain disruptions and reduced production capacity caused by climate change may increase operating costs and impact profitability of the Company.
	Opportunity	Implementing energy-saving and emission reduction measures can improve production efficiency, reduce energy costs, and enhance financial resilience.
Product Quality and Safety . . .	Risk	Product quality issues may lead to a decline in customer trust, damage brand reputation, and affect market share.
	Opportunity	Enhancing product quality and safety can improve customer loyalty and drive sales growth.

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Topic	Attribute	Risk and Opportunity Analysis
Product Carbon Footprint	Risk	Failure to meet carbon footprint standards may reduce product competitiveness in overseas markets.
	Opportunity	Launching low-carbon products aligns with the trend of green consumption, attracting environmentally conscious consumers and increasing market share.
Corporate Governance . .	Risk	Corporate governance issues may result in poor decision-making, increase legal and compliance risks, and affect the Company’s financial health.
	Opportunity	A robust corporate governance framework can enhance corporate transparency, attract investors, and bring financial support and market recognition.
Sustainable Supply Chain .	Risk	Environmental or social responsibility issues within the supply chain may cause disruptions and lead to increased costs.
	Opportunity	Enhancing supply chain sustainability can strengthen brand image and attract more consumers and investors.

The Company has established a risk and opportunity management system that covers ESG topics. Led by the ESG management department, this system identifies internal and external factors that may affect the implementation of strategic plans and the achievement of strategic outcomes, organizes regular reviews, and follows up on the implementation and effectiveness of corresponding response measures. Each department, as needed, establishes its own risk management team to report potential risks and opportunities and formulate response plans. The chairman of the Board serves as the ultimate approver for risk response efforts, ensuring effective alignment between major decision-making and management execution.

At the same time, we have established a series of working mechanisms to integrate the strategic goals of sustainable development across various ESG topics into daily operations and management, thereby continuously enhancing our ESG management capabilities and performance:

- Awareness Enhancement and Management Improvement:** Through dedicated training on ESG-related laws and regulations, policy trends, and delineation of responsibilities, we continuously strengthen the sustainability awareness and professional competence of management and business teams at all locations. In addition, we regularly review and summarize our ESG management practices to continuously optimize internal supervision and management mechanisms.

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- **Industry Engagement and Value Chain Collaboration:** We actively engage in communication and exchanges with industry peers to share and discuss experiences in ESG risk identification, management practices, and industry trends. Meanwhile, in the process of cooperation with suppliers, ESG factors are systematically incorporated into our evaluation framework. We are progressively establishing mechanisms to identify and respond to ESG risks associated with critical materials and high-risk suppliers, thereby improving the overall sustainability of our value chain.

Meanwhile, our “2024 Hithium ESG Report” has been publicly disclosed. This report has obtained an independent assurance statement issued by Bureau Veritas, and the assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (V3) Type 2 assurance.

Looking ahead, we will continue to enhance our capabilities in identifying, assessing, and managing ESG-related issues, further embed the execution of sustainable development strategic goals, refine our indicator system and performance appraisal mechanisms, strengthen data-driven decision-making, and comprehensively improve the Company’s sustainability performance and value creation capacity.

Environment

Tackling Climate Change

We recognize addressing climate change as a core corporate responsibility, and we actively explore innovative technologies to enhance energy storage efficiency and promote green energy development. We are committed to leading a comprehensive carbon reduction effort across our supply chain, driving a holistic and in-depth green transition, and demonstrating our leadership in the green energy sector.

We have established a top-down climate governance mechanism, with our Board directly involved in decision-making and oversight related to climate governance. We comprehensively identify climate risks and opportunities, including physical risks (such as extreme weather events and long-term climate change) and transition risks (such as policy regulations and carbon-related trade barriers), while also focusing on opportunities related to capital financing and other aspects. By conducting climate scenario analysis, we have set clear emission reduction targets and transition plans. We closely monitor extreme weather conditions in our operating locations, formulating emergency response plans for typhoons and floods, specifying daily inspections, weather warnings, emergency duty shifts, and rescue patrols. We also focus on the impact of extreme weather on employee health, such as high temperatures, offering flexible work-from-home options, flexible clock-in times, and health feedback mechanisms. We track domestic and international changes in climate-related laws, regulations, and policies, paying attention to market trends in demand for low-carbon products and innovations in low-carbon technologies.

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We also continue to proactively implement various green initiatives and policies. This includes implementing the national “dual carbon” strategy and leveraging our technological advantages in clean energy to drive industry-wide green transition and carbon neutrality practices. We have developed an integrated carbon management platform, which combines organizational carbon inventories, product carbon footprints, and carbon verification certification, significantly improving the efficiency and quality of carbon data management. We are also constructing green production facilities and production lines through increasing adoption of renewable energies and advances in manufacturing technologies, processes and equipment. These efforts enhance production efficiency and product quality while reducing operational carbon footprint. Additionally, we integrate green management principles across our supply chain.

In our efforts to tackle climate change, we have established key objectives and indicators related to our climate change action and greenhouse gas emissions. Our plans include (i) a 58.80% reduction in absolute emissions for Scope 1 and Scope 2 emissions by 2034 from a 2023 baseline, and (ii) a 63.80% reduction in greenhouse gas emissions per unit of product for Scope 3 emissions by 2034 from a 2023 baseline.

We have conducted greenhouse gas inventory, following the GHG Protocol and ISO 14064-1:2018 standards. The following table sets forth our greenhouse gas emissions-related data for 2022, 2023 and 2024. We commenced recording Scope 3 greenhouse gas emissions in 2023. *(Note)*

Indicator	Unit	2022	2023	2024
Scope 1 greenhouse gas emissions	Tons of CO ₂ equivalent	17,710.0	47,959.3	80,010.7
Scope 1 emissions intensity per unit sold	Tons of CO ₂ equivalent/GWh	4,118.6	2,694.3	2,381.3
Scope 2 greenhouse gas emissions	Tons of CO ₂ equivalent	51,760.2	144,968.0	246,480.3
Scope 2 emissions intensity per unit sold	Tons of CO ₂ equivalent/GWh	12,037.3	8,144.3	7,335.7
Scope 3 greenhouse gas emissions	Tons of CO ₂ equivalent	/	966,836.1	1,771,413.4
Scope 3 emissions intensity per unit sold	Tons of CO ₂ equivalent/GWh	/	54,316.6	52,720.6

Our above figures are lower than the average of the energy storage battery industry. For example, according to public information and relevant calculations, in 2023, the Scope 1 emissions intensity per unit sold of CALB Group Co., Ltd. (“CALB”) and EVE Energy Co., Ltd. (“EVE”) was 7,913.2 and 1,884.0 tons of CO₂ equivalent/GWh, respectively; the Scope 2 emissions intensity per unit sold of CALB and EVE was 16,773.5 and 25,082.6 tons of CO₂ equivalent/GWh, respectively.

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Note: We have conducted greenhouse gas inventory within the organizational boundary using operational control approach, following the GHG Protocol and ISO 14064-1:2018. The inventory includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃), covering Scope 1, Scope 2 and part of Scope 3 emissions (including indirect emissions from transportation and indirect emissions from products used by an organization). All greenhouse gas emission factors were sourced from international databases recognized by certification authorities and relevant government websites in China. We have engaged a qualified third-party organization to independently verify our carbon inventory data for 2022, 2023, and 2024. The certification body issued verification statements with no reservations.

Environmental Management and Waste Discharge

Environmental Management

We strictly comply with laws and regulations in the places where we operate, such as the Environmental Protection Law of the People’s Republic of China and the Law of the People’s Republic of China on Environmental Impact Appraisal. We have established a sound environmental management system with reference to the ISO 14001:2015 standard and formulated standardized regulations to ensure that environmental risks are effectively monitored and controlled. As of June 30, 2025, all of our production bases that have entered mass production have successfully passed the audit of the ISO 14001:2015 Environmental Management System standard and obtained the corresponding certification. In 2024 and for the six months ended June 30, 2025, there were no illegal or material non-compliant incidents in our environmental management.

Emission and Waste Management

We strictly abide by the Water Pollution Prevention and Control Law of the People’s Republic of China, the Air Pollution Prevention and Control Law of the People’s Republic of China, the Solid Waste Pollution Prevention and Control Law of the People’s Republic of China, as well as relevant national standards. We implement full-process management and control over the emissions of wastewater, waste gas, solid waste and noise generated in our production and business activities. In addition, we have established a risk management and emergency response mechanism for waste gas, wastewater and waste to effectively prevent the risks that may arise from sudden environmental incidents.

In terms of environmental management and waste discharge, we have developed key objectives and indicators related to environmental management and “three wastes” discharge. In terms of air emissions, our plans include (i) a 15% reduction in emissions of nitrogen oxides (“NO_x”)/sulfur oxides (“SO_x”) per sales volume in air emissions compared to the base year of 2023 by 2025; (ii) a reduction of 20% in NO_x/SO_x emissions per sales volume in air emissions compared to the base year of 2023 by 2028; (iii) accomplishing a reduction of 50% in NO_x/SO_x emissions per sales volume in air emissions compared to the base year of 2023 by 2037. In terms of waste management, our plans include (i) a 15% reduction in harmful waste discharges per sales volume compared to the base year of 2023 by 2025; (ii) a 20% reduction in harmful waste discharges per sales volume compared to the base year of 2023 by 2028; (iii) accomplishing a reduction of 50% in harmful waste discharges per sales volume compared to the base year of 2023 by 2037.

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The following table sets forth our emissions and waste-related data for 2022, 2023 and 2024.

Indicator	Unit	2022	2023	2024
Total NOx emissions in waste gas .	Tons	2.3	20.3	20.9
NOx emission intensity per unit sold	Tons/GWh	0.5	1.1	0.6
Total SOx emissions in waste gas .	Tons	0.2	2.0	1.6
SOx emission intensity per unit sold	Tons/GWh	0.05	0.11	0.05
Total hazardous waste generated . .	Tons	524.6	2,616.0	3,842.7
Hazardous waste intensity per unit sold	Tons/GWh	122.0	147.0	114.4

Our above figures are lower or higher than the average level of the ESS battery industry. For example, according to public information and relevant calculations, in 2023, the NOx emission intensity per unit sold of CALB and REPT BATTERO Energy Co., Ltd. (“REPT BATTERO”) were 1.0 and 0.7 tons/GWh, respectively; the SOx emission intensity per unit sold of CALB and REPT BATTERO were 0.1 and 0.1 tons/GWh, respectively; and the hazardous waste intensity per unit sold of CALB and EVE were 200.0 and 57.3 tons/GWh, respectively.

Resource Management

Energy Management

We adhere to the energy policy of “energy conservation, consumption reduction, and green manufacturing” and have formulated corresponding regulations and policies to achieve our goal. By implementing technical improvement projects related to water, electricity, gas, and oil consumption in both production and daily life, such as optimizing the energy consumption of each production process, enhancing system performance, and optimizing the use of lighting and air-conditioning systems, we continuously improve energy utilization efficiency, reduce energy consumption, and achieve the goal of energy conservation and consumption reduction.

We have set key goals and indicators related to comprehensive energy consumption per sales volume, including (i) achieving a 5% decrease in comprehensive energy consumption per sales volume in 2025 compared with 2023, (ii) achieving a 10% decrease in comprehensive energy consumption per sales volume in 2028 compared with 2023, and (iii) achieving industry-leading comprehensive energy consumption per sales volume in 2037.

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The following table sets forth our energy-related data for 2022, 2023 and 2024.^(Note)

Indicator	Unit	2022	2023	2024
Purchased electricity consumption	GWh	89.1	261.4	511.7
Electricity consumption intensity per unit sold	GWh/GWh	20.7	14.7	15.2
Natural gas consumption	Million cubic meters	7.5	23.2	43.3
Natural gas intensity per unit sold	Million m ³ /GWh	1.7	1.3	1.3

Our above figures are lower than the average of the energy storage battery industry. For example, according to public information and relevant calculations, in 2023, the indirect energy (including electricity) consumption intensity of CALB was 33.2 GWh/GWh.

Note: The data scope for 2022 and 2023 includes our Xiamen production base, while the data scope for 2024 includes both the Xiamen production base and the Chongqing production base.

Water Resource Management

We actively carry out a number of water-saving renovation and optimization projects, including selecting water-saving appliances in restrooms, using water-saving sprinkler irrigation for greening, establishing a remote-transmission intelligent monitoring platform for water meters, recycling boiler condensate water, and reusing the primary reverse osmosis water from the pure-water equipment in the power station. These efforts continuously improve the efficiency of water resource utilization and reduce water consumption.

The following table sets forth our water resource management-related data for 2022, 2023 and 2024.^(Note)

Indicator	Unit	2022	2023	2024
Water consumption	Million cubic meters	0.4	1.1	1.5
Water consumption intensity per unit sold . .	Million m ³ /GWh	0.09	0.06	0.04

Our above figures are lower than the average of the energy storage battery industry. For example, according to public information and relevant calculations, in 2023, the water consumption intensity per unit sold of CALB and EVE were 0.1 and 0.1 million m³/GWh, respectively.

Note: The data scope for 2022 and 2023 includes our Xiamen production base, while the data scope for 2024 includes both the Xiamen production base and the Chongqing production base.

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Social Responsibility

Employee Rights and Benefits

We strictly adhere to relevant laws and regulations, such as the International Labor Conventions, the Company Law of the People’s Republic of China, and the Labor Law of the People’s Republic of China. We are committed to safeguarding the basic rights and interests of employees to ensure that the Company’s operations comply with national and international labor standards.

We have established standardized policies for recruitment and employee movement management. In 2024, we issued updated versions of the Recruitment Management Measures (《招聘管理辦法》) and the Employee Movement Management Measures (《人事異動管理辦法》), which clearly define the Company’s recruitment procedures and talent selection mechanisms, as well as standardize the management of employee movement — including onboarding, confirmation of employment, internal transfers, and resignation — to safeguard employees’ labor rights.

We are committed to providing a fair, equitable, and diverse working environment, ensuring the legal rights of employees in relation to compensation, working hours, leave entitlements, recruitment, and promotion. We strictly prohibit any discrimination based on age, disability, ethnicity, gender characteristics, marital status, nationality, political affiliation, race, religion, sexual orientation, or trade union membership. We rigorously uphold our commitments to anti-discrimination and anti-harassment, and have adopted the Anti-Harassment and Abuse Management Regulations (《反騷擾與虐待管理規定》), which strictly prohibit all forms of verbal abuse and harassment, psychological and physical coercion, as well as sexual harassment and abuse.

We firmly prohibit the employment of child labor and provide special protection to underage workers in accordance with the law. We ensure that employees have the freedom to choose their employment and strictly prohibit all forms of forced labor or any conduct that restricts personal freedom. We eliminate all forms of discrimination, promote gender equality, protect the health and safety of female employees, uphold the rights of lactating female workers, and take active measures to prevent and address incidents of sexual harassment.

We advocate a balance between work and rest, regularly monitor working hours, and protect employees’ rights to take leave, thereby supporting their physical and mental well-being. In terms of benefits, we revised and updated the Employee Benefits Management Measures (《福利管理辦法》) in 2024 to further standardize our benefits offerings. We provide a wide range of employee benefits, including holiday gifts, holiday celebrations, commercial insurance, annual health check-ups, meal subsidies, accommodation allowances, and transportation subsidies. We also offer various quality-of-life subsidies, such as marriage and childbirth subsidies, to meaningfully enhance employees’ work experience and overall quality of life.

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We have established a scientific and reasonable salary and welfare system, implementing a structured promotion management system with clearly defined promotion standards and processes to foster a fair and just competition mechanism. We incorporate performance evaluation into the promotion process to effectively motivate outstanding talents and ensure that employees’ efforts are fairly rewarded.

As of June 30, 2025, the total number of full-time employees was 7,765, with female employees accounting for approximately 25.0%.

Our above figures are lower than the average of the energy storage battery industry. For example, according to public information and relevant calculations, in 2023, female employees of CALB and EVE accounted for 25.5% and 30.8%, respectively.

Employee Training and Development

We are committed to establishing a comprehensive training and development system. By formulating the Training Management Regulations and setting up the “HiTHIUM Academy,” we provide personalized training programs for employees in different departments and at different career stages. These programs cover a variety of training categories to ensure that the improvement of employees’ capabilities is closely aligned with the Company’s strategic goals. We have formulated standardized regulations and policies to standardize the integration and utilization of training resources, ensuring continuous optimization of training quality and effectiveness.

We attach great importance to talent cultivation and have formulated standards to offer employees clear career development paths. We offer employees two career development paths: the “professional channel” and the “management channel.” Employees can choose a suitable career path that best aligns with their own interests and expertise, promoting the common progress of individuals and our overall company. In 2024, the training coverage rate for full-time employees was 100%, and the total number of online training hours was 30,372.6 hours.

Our above figures are similar to the average of the energy storage battery industry. For example, according to public information and relevant calculations, in 2023, the training coverage rate for employees of CALB and EVE was 100% and 100%, respectively.

Occupational Health and Safety

We strictly comply with all applicable occupational health and safety laws and regulations, including the Work Safety Law of the People’s Republic of China, the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases, and the ISO 45001:2018 Occupational Health and Safety Management System Standard. Based on our own development circumstances, we have adopted a range of measures to ensure the health and safety of our employees, including (i) formulating policies on environmental and occupational health and safety management, (ii) establishing a comprehensive EHS management system,

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(iii) establishing a Work Safety Committee and standardized regulations to strengthen safety management and promote awareness of health and safety matters, (iv) conducting monthly safety inspections and construction safety patrols, and (v) implementing policies and regular trainings on occupational disease hazards, as well as organizing regular physical examinations. In 2022, 2023 and 2024, we did not experience any major work safety accidents or significant employee injuries. In 2024, the coverage rate for specialized safety training for employees was 100%.

Our above figures are similar to the average of the energy storage battery industry. For example, according to public information and relevant calculations, in 2023, the participation rate of employees in emergency drills of REPT BATTERO was 100%, and the three-level safety education rate for newly recruited employees was also 100%.

Sustainable Supply Chain Management

Our suppliers primarily include providers of raw materials, equipment, engineering, logistics, services, and maintenance, repair, and operations (MRO). In terms of sustainable supply chain management, we have systematically built a sustainability strategy through enhancing our due diligence systems, strengthening training and awareness efforts, and advancing digital empowerment. We have adopted the Supply Chain Due Diligence Management Regulations (《供應鏈盡職調查管理規定》) to ensure that Hithium is able to effectively identify and mitigate ESG risks in the supply chain, enhance supply chain resilience and sustainability performance, and provide stable and continuous support for product quality improvement and the fulfillment of customer expectations. Under this framework, the ESG Management Department leads the development of supplier ESG management mechanisms and is responsible for information collection, risk assessment, audit implementation, and follow-up on corrective actions. The Cell Procurement Department and the System Procurement Department provide supplier cooperation information and offer support throughout the processes of information collection, audit, and remediation.

In 2024, we conducted ESG due diligence on a total of 15 suppliers. Based on the audit results, we actively promoted corrective actions and planned targeted improvements in key areas such as conflict minerals, climate change response, social responsibility, and energy management to strengthen supply chain risk control. Meanwhile, we formulated follow-up action plans, including the release of white papers and the implementation of training programs, to help suppliers enhance their awareness of green management. We also provided technical guidance for green manufacturing to assist them in improving their ESG management capabilities. In the short to medium term, we plan to improve our evaluation system and corrective action mechanisms, enhance training and empowerment efforts, and in the long term, continue promoting performance-linked incentives and collaborative innovation. We aim to establish a robust early-warning system and build a highly resilient supply chain system.

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We regularly conduct supplier performance evaluations across four dimensions — quality, delivery, commercial performance, and environmental and safety incidents — and have established a reward and penalty mechanism based on the evaluation results. In particular, the evaluation of environmental and safety incidents includes the status of regulatory permits, regulatory penalties, community complaints, and adverse information. We implement performance improvement measures for underperforming suppliers and offer performance-based incentives to outstanding suppliers, such as preferential allocation of order volumes and priority opportunities to participate in the development and trial use of new products.

In recognition of our efforts in sustainable supply chain management, in December 2024, after being awarded the titles of “National Supply Chain Innovation and Application Demonstration Enterprise” and “Supply Chain Innovation and Application Pilot Enterprise in Xiamen,” we were also included in the Ministry of Industry and Information Technology’s annual list as “Green Supply Chain Management Enterprise” for our achievements in green manufacturing.

Product Quality and Safety

We remain dedicated to the ethos of meticulous craftsmanship and are committed to creating safe and controllable high-standard products, continuously optimizing quality management throughout the entire product lifecycle. We have established a comprehensive quality management system and formulated the Quality Management Manual in accordance with the ISO 9001:2015 standard, encompassing areas such as new product development, supplier management, production processes, emergency management, product delivery, and customer service, ensuring a holistic approach to quality management. We have also formed a professional Quality Management Center to fully oversee quality across all stages, including R&D, supplier management, manufacturing, and customer service.

Community Communication and Philanthropy

We consistently uphold the corporate values of “freedom, innovation, sharing and compassion,” actively fulfill our social responsibilities and organize diverse public welfare initiatives to drive the achievement of social welfare goals. Our charitable actions cover areas such as assisting underprivileged children, caring for special groups and voluntary blood donations, all dedicated to fostering educational equity, improving the quality of life for special groups, and alleviating social blood supply shortage, thereby contributing to the creation of a more harmonious, equitable and prosperous society.

Leveraging our product and technological strengths, we aim to build a bridge to modern energy for those living below the energy poverty line, promoting the realization of sustainable development goals and advancing energy equity. Our products, such as the *HeroEE* series, can provide reliable and cost-effective energy to energy-poor households, support the use of small and medium-sized medical devices in healthcare systems, and offer flexible energy alternatives to drive local economic development and improve quality of life.

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Corporate Governance

Business Ethics

We are committed to the highest standards of business conduct, operating in a legal, honest, and ethical manner, and strictly adhering to anti-bribery and anti-corruption laws and regulations across all relevant jurisdictions. To ensure the compliance of our business practices, we have formulated and implemented policies on conflicts of interests and integrated supervisory roles into existing department structures, ensuring proper supervision and prevent corruption. In 2022, 2023 and 2024, we did not experience any major incidents involving corruption, bribery, conflicts of interest, money laundering, or other violations of laws and regulations related to business ethics.

We work with suppliers to build a clean and trustworthy partnership, ensuring that suppliers comply with laws and regulations and refrain from offering improper benefits. Furthermore, we have established a clear whistleblowing process, encouraging employees and external stakeholders to actively participate in corporate governance. We also provide whistleblower protection mechanism to ensure confidentiality and security.

To strengthen anti-corruption awareness and promote a culture of compliance within the Company, we regularly conduct anti-corruption and integrity training, improving employees’ understanding of the importance of anti-corruption efforts and fostering a corporate culture grounded in integrity and honesty.

LICENSES, PERMITS AND APPROVALS

The following table sets forth a summary of the material licenses, permits and approvals that we have obtained for our business operations as of the Latest Practicable Date.

<u>License/Permit/Approval</u>	<u>Issuing Authority</u>	<u>Issue Date</u>	<u>Expiry Date</u>
Radiation Safety Permit .	Xiamen Municipal Ecological Environment Bureau	March 31, 2023	March 17, 2027
Registration Certificate of Customs Declaration Unit	Jitong Customs	August 27, 2021	December 31, 2099
Registration Certificate of Customs Declaration Unit	Xiangan Customs	July 4, 2024	December 31, 2099
Registration Certificate of Customs Declaration Unit	Fuzhong Customs	May 14, 2024	December 31, 2099

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License/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
Registration Certificate of Customs Declaration Unit	Jitong Customs	June 6, 2024	December 31, 2099
Registration Certificate of Customs Declaration Unit	Fuzhong Customs	June 4, 2024	December 31, 2099
Registration Certificate of Customs Declaration Unit	Fuzhong Customs	November 20, 2023	December 31, 2099
Radiation Safety Permit .	Fujian Provincial Department of Ecology and Environment	April 11, 2024	May 10, 2027
Registration Certificate of Customs Declaration Unit	Jitong Customs	March 26, 2020	December 31, 2099
Radiation Safety Permit .	Ecological Environment Bureau of Tongliang District, Chongqing City	July 7, 2023	July 6, 2028
Registration Certificate of Customs Declaration Unit	Yuzhou Customs	January 11, 2024	December 31, 2099
Registration Certificate of Customs Declaration Unit	Xiangan Customs	June 18, 2024	December 31, 2099

INSURANCE

We maintain regular property insurance. However, the insurance may not be able to cover all potential injuries to our manufacturing facilities and equipment, death or losses due to fire, earthquake, flood or any other disasters. We also maintain accident insurance for certain employees and commercial supplementary insurance for certain key personnel. Consistent with customary industry practice in China, we do not maintain business interruption insurance. We believe our insurance policies as a whole are in line with the general market practice and comply with the relevant rules and regulations in China. See “Risk Factors — Risks Relating to Our Industry and Business — Our insurance coverage may not be sufficient to cover losses and liabilities arising from various operational risks and hazards.”

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LEGAL PROCEEDINGS

Background

On June 10, 2025, CATL initiated a lawsuit (“Lawsuit”) in the Intermediate People’s Court of Ningde City, Fujian Province, (福建省寧德市中級人民法院) against the Company, Mr. Wu, Fujian Hongtong Construction Engineering Co., Ltd. (福建省宏桐建設工程有限公司), Zhuhai Haichen, Xiamen Rare Earth Materials Research Institute (廈門稀土材料研究所), Tianjin Anjie Environmental Protection Technology Co., Ltd. (天津安潔環保科技有限公司) and Xiamen Chengbowang Consulting Management Co., Ltd. (廈門誠博旺諮詢管理有限公司, together with Fujian Hongtong Construction Engineering Co., Ltd., Zhuhai Haichen, Xiamen Rare Earth Materials Research Institute and Tianjin Anjie Environmental Protection Technology Co., Ltd., the “Five Defendant Companies”), with regard to unfair competition. In July 2025, Ms. Lin Xiuhua, the spouse of Mr. Wu, was added as one of the defendants by CATL without change to the allegations and claims.

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.

Key allegations and claims

We set forth below details of the allegations from CATL in the Lawsuit:

- A. The Company was founded by Mr. Wu during his non-compete restriction period as stipulated in the Non-Compete Agreement. The purpose and intention of Mr. Wu’s founding of the Company was to adopt the technology and experience he gained at CATL to the operation of the Company and engage in unfair competition with CATL in the energy storage battery field so that he can achieved rapid development in a short period of time. Mr. Wu established and operated the Company under the name of and with the help from his spouse, Ms. Lin Xiuhua. These conducts resulted in enormous economic losses of CATL. This allegation is referred to as Allegation 1 hereinafter.
- B. Together with the Five Defendant Companies, the Company, Mr. Wu and Ms. Lin Xiuhua circumvented CATL’s non-competition restriction and poached seven of its employees. This allegation is referred to as Allegation 2 hereinafter.

We set forth below details of the claims from CATL in the Lawsuit:

- A. The Company, Mr. Wu and Ms. Lin Xiuhua shall cease to be involved in the competing businesses of energy storage battery and shall bear the economic losses arising from such unfair competition amounting to RMB100 million;

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- B. All defendants of the Lawsuit shall cease the poaching activities against CATL and compensate CATL the economic losses arising from such poaching activities amounting to RMB50 million; and
- C. All defendants of the Lawsuit shall post statement of apologies for a designated time of period on medias as required by CATL and bear relevant fees and expenses of the Lawsuit.

Legal analysis

In view of the above allegations and claims, the Company set forth below analysis for the two major allegations from Grandway and Tian Yuan:

Analysis for Allegation 1

The facts regarding the non-compete matter of Mr. Wu under Allegation 1 refers to the same incident as in the arbitration as mentioned in the section head “Directors, Supervisors and Senior Management”, which has been completely concluded in September 2023. CATL argued that Allegation 1 violated 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》) (the “Article 2”). However, Grandway is of the view and Tian Yuan concurs that the risk for Allegation 1 to be in breach of Article 2 is low, on the following grounds:

- With respect to Mr. Wu, CATL is suing again in the Lawsuit based on the same incident and facts as in the Arbitration, and such repeated prosecution may be deemed inconsistent with the admissibility scope under the Civil Procedure Law of the People’s Republic of China (《中華人民共和國民事訴訟法》). In particular, Allegation 1 is primarily related to the founding and operating of the Company by Mr. Wu and such conduct has been completely dealt with in the Arbitration already;
- according to relevant judicial interpretations in the PRC, conducts from Mr. Wu involved in Allegation 1 shall be governed by the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) instead of Article 2;
- after the non-compete restriction period expires, Mr. Wu is entitled to use his knowledge, experience, and skills to work in industries and operate the Company that competes with CATL; and
- unfair competition as defined under Article 2 refers to the conduct of a market participant that violates the Anti-Unfair Competition Law of the People’s Republic of China during its business operation, disrupting the order of market competition and harming the interests of other market participants or consumers. Therefore, Mr. Wu’s conducts of founding of the Company do not fall within the scope of the unfair competition under Article 2 and only conducts from the Company in its business operation may constitute unfair competition. Based on the evidences provided by CATL, it lacks sufficient evidences to prove that conducts from the Company after its establishment constitute unfair competition under Article 2.

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Based on the Company’s internal investigation and also according to Tian Yuan’s due diligence and investigations, Tian Yuan confirms that the Company has not proactively claim that its senior executives are former employees from CATL or intended to leave impressions to the public that the Company is related to CATL. The Company’s patents and technologies are either self-developed by its key R&D staffs or procured from reputable third parties suppliers, and none of them are obtained from CATL as alleged without any proof.

Analysis for Allegation 2

Grandway is of the view and Tian Yuan concurs that the risk for Allegation 2 to be in breach of Article 2 is low, on the following grounds:

- The evidences submitted by CATL was insufficient to prove that the Company or Mr. Wu (i) were aware of the non-compete restrictions imposed on the relevant employees by CATL, or (ii) intentionally induced, organized, or arranged these employees to circumvent such non-compete restrictions:
 - (1) despite that there were concluded court orders in place, regarding three employees’ employment at the Xiamen Rare Earth Materials Research Institute, at the time when they joined the Company, their non-compete restriction periods had already expired. Therefore, there is no violation of CATL’s non-compete restrictions imposed on these three individuals due to their relationship with the Company.
 - (2) with respect to another three employees’ employment with some of the Five Defendant Companies, the facts recognized in the settlement agreement may not be able to serve as a basis for subsequent litigation despite the existence of a settled case pursuant to relevant laws and regulations in the PRC. For example, two of these employees resigned from CATL and subsequently joined Fujian Hongtong Construction Engineering Co., Ltd. and Xiamen Chengbowang Consulting Management Co., Ltd., which do not compete with CATL. At the time when they joined the Company, their non-compete periods had already expired, and there was no violation of CATL’s non-compete restrictions due to their relationship with the Company; and
 - (3) the evidences submitted by CATL on the remaining one employee cannot prove that he disclosed his non-compete obligations to the Company or that the Company induced or persuaded him to join during his non-compete restriction period. As confirmed by this employee, he resigned from CATL for personal reasons. After leaving, he believed there was no competition between the Company and CATL and therefore he joined the Company. At the time of joining the Company, he did not disclose to the Company that he was subject to non-compete obligation to CATL.

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- The existing evidences provided by CATL cannot prove any relationship between the Company’s rapid development and CATL’s economic losses. In particular, based on the annual report published by CATL for the year of 2019, its energy storage batteries business generated revenue of RMB610 million, which only accounted for 1.33% of its total revenue. Driven by the rapid development of the industry, both CATL and the Company have experienced rapid growth in revenue from energy storage batteries business after 2019.

Based on the Company’s internal investigation and also Tian Yuan’s due diligence and investigation including but not limited to documents review and interviews with Mr. Wu, the seven employees and the Five Defendant Companies, Tian Yuan confirms that (i) the Company was not aware of the non-compete obligations between relevant employees and CATL when they joined the Company despite that standard verification and background check procedures had been carried out; (ii) there is no collaborations between the Company and any of the Five Defendant Companies on any circumventions of non-compete obligations of any employees of the Company; and (iii) none of these seven employees are key R&D staffs of the Company as alleged by CATL.

Potential liability of the Company and Mr. Wu

Based on the above analysis, Grandway is of the view and Tian Yuan concurs that:

- restrictions imposed on Mr. Wu or the Company shall have already ceased when Mr. Wu’s non-competition period expires in February 2021, even if the court finds that Mr. Wu and the Company engaged in unfair competition. In addition, regardless whether there was any breach of Non-compete Agreement in the past, it is unreasonable, and lack of valid ground under the relevant laws, for CATL to seek any further restriction on Mr. Wu to develop his own business (including business that are compete with that of CATL) now. Therefore, it is unlikely that the court will rule that the Company shall cease its business operations in energy storage batteries industry based on Allegation 1; and
- restrictions imposed on the Company or the seven employees shall already have ceased when the non-compete restriction period of the relevant employees expires, even if the court finds that the Company and the seven employees engaged in malicious poaching and unfair competition. Since the non-compete restriction periods of all of the seven employees have expired for more than two years as of the Latest Practicable Date, it is unlikely that the court will rule that the Company shall cease its poaching activities against CATL based on Allegation 2.

Regarding the amount of damages as alleged by CATL, on the basis that, among others, evidences provided by the CATL as of the Latest Practicable Date 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.

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Operational and Financial Impact on the Company

In a worst scenario, the Company believes that the Lawsuit will not have material adverse effect on the operation of the Company as confirmed by Grandway, on the basis that:

- (1) Mr. Wu’s establishment of the Company during the non-compete period is explicitly regulated under the Labor Contract Law in the PRC. Therefore, the Anti-Unfair Competition Law of the People’s Republic of China no longer applies, and his actions do not constitute unfair competition;
- (2) CATL has failed to provide evidence demonstrating any losses incurred, nor has it established a causal link between such losses and the Company or Mr. Wu;
- (3) After the expiration of the non-compete period, Mr. Wu’s operation of the Company constitutes the lawful application of his personal knowledge, experience, and skills, and does not violate the Anti-Unfair Competition Law of the People’s Republic of China;
- (4) Although Mr. Wu violated his non-compete obligations by establishing the Company during the restriction period, such matter was concluded by way of arbitration in September 2023; and
- (5) The Company was established in December 2019, and Mr. Wu’s non-compete period expired in February 2021. Even if the court finds that Mr. Wu’s establishment of the Company during the non-compete period constituted unfair competition, the Company, having been legally established, is entitled to autonomous operational rights in the PRC. Its business activities are independent of Mr. Wu’s personal conduct, and the court lacks legal and factual basis to require the Company to cease operation.

As of the date of this Document, there is no material adverse effect resulted from the Lawsuit towards our daily operation including research and development, manufacture and sales. We have not received any injunctions prohibiting the manufacture and sale of our products or the use of our technologies.

Furthermore, based on the above analysis of Grandway and Tian Yuan and their view that the possibility for CATL to prevail in the Lawsuit 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

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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.

View from the Directors

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.

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.

Litigation or any other legal proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management’s time and attention. For the potential impact of legal proceedings on us, see “Risk Factors — Risks Relating to Our Business and Industry — 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.”

COMPLIANCE

We are committed to adhering to the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not experience any non-compliance incidents that our Directors believe would, individually or collectively, have a material operational or financial impact on our business and operations as a whole.

BUSINESS

Social Insurance and Housing Provident Fund

During the Track Record Period, we had not made social insurance and housing provident fund contributions based on their actual salaries for some of our employees, primarily because (i) some of our employees were not willing to bear the amount of personal contribution to social insurance and housing provident funds based on their actual salaries, which would reduce the amount of take-home pay they receive; (ii) some of our employees have made contributions in previous or other companies which resulted in our inability to make full social insurance and housing provident fund contributions; and (iii) some employees had left our Group before completing the minimum period required for registration and/or contribution for social insurance and housing provident funds. In addition, we engaged a third-party human resources agency to pay social insurance and housing provident funds for some of our employees during the Track Record Period primarily due to the preference of such employees to participate in local social insurance and housing fund schemes in their place of residency, where we had not established a subsidiary or branch.

For the shortfall of social insurance, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount, and (ii) to pay a fine of one to three times of the overdue amount if such payment is not made within the stipulated period. For the shortfall of housing provident funds, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period, and (ii) an application may be made to the PRC courts for compulsory enforcement if the payment is not made within such time limit. We might also be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities if the third-party human resource agency failed to pay the social insurance or housing provident funds for the relevant employees in full amount and/or in a timely manner, or if the validity of such arrangements are challenged by competent PRC authorities. We might also be subject to potential labor disputes arising from such arrangements with the relevant employees.

As of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty to us with respect to this non-compliance incident nor had any competent government authorities required us to settle the outstanding amount of social insurance payments and housing provident fund contributions.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, (i) we had not been subject to any material investigation, inquiry, sanction, penalty, litigation or legal proceedings due to failure of paying the full amount of the social insurance and housing provident fund contributions; and; (ii) we had not received any material complaints from our employees in respect of contribution to the PRC social insurance and housing provident funds; and (iii) we had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds. In addition, we have obtained certain confirmation letters issued by the relevant competent social insurance and housing provident fund authorities confirming that there is no record of any administrative disposition or penalties being imposed on any member of our group by the relevant authorities for violation of the relevant laws and regulations during the Track Record Period. We have consulted with the competent main local governmental authorities and obtained the following response: In the absence of relevant complaints filed by employees with the competent government departments, the relevant competent authorities will not investigate and obtain relevant evidence to imposed a penalty and to collect the outstanding social insurance and housing provident fund. And the Company had committed to, upon the request of the competent authorities, promptly and fully settle any outstanding amounts of our social insurance and housing provident fund contributions and comply with their other instructions, if any.

Based on the above, as advised by our PRC Legal Advisors, assuming that (i) there is no material change to current PRC laws and regulations and the practice in policy implementation and inspection of local governments, and (ii) there are no relevant complaints or relevant litigation and arbitration filed by employees with the competent government departments, and (iii) the relevant parties effectively fulfill their commitments, the risk of that we will be required by the competent authorities to pay the social insurance and housing provident fund in a centralized manner and being imposed a major administrative penalty due to the above-mentioned facts is remote.

We have taken and will continue to take the following remedial measures to comply with the regulatory requirements for social insurance and housing provident fund contributions: (i) we will make reasonable efforts to pay the contributions for all employees according to the relevant PRC laws and regulations going forward; (ii) we have obtained written confirmation from certain employees on their unwillingness to bear contributions for housing provident funds; (iii) we have obtained written consent from employees on payments by third-party human resources agencies, and we will make continuous efforts to minimize the adoption of the third-party human resources agencies to pay social insurance and housing provident fund contributions; (iv) we have established an internal control department to monitor our ongoing compliance with the social insurance and housing provident fund contribution regulations and oversee the implementation of any necessary measures; (v) we will regularly review and monitor the reporting and contributions of social insurance and housing provident fund to keep us abreast of relevant regulatory developments; and (vi) we undertake to maintain close communication with relevant authorities on a regular basis to understand their requirements and interpretation of relevant rules and regulations, and make contributions to social insurance and housing provident fund in accordance with their specific guidance in a timely manner.

BUSINESS

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks during our business operations. We have established risk management systems consisting of appropriate policies and procedures, and we continue to improve these systems. We have adopted, among other things, the following risk management measures:

- (i) Our board of directors is responsible for monitoring our internal control system, reviewing its effectiveness, and maintaining our risk at an appropriate and effective level. Our internal audit department is responsible for the evaluation and verification of the effectiveness of the company’s risk management, internal control and governance;
- (ii) We have established a compliance risk assessment team, comprising of members of management, compliance management and key department personnel, to assess our compliance risks from aspects including business management activities, department/position business management scope and job responsibilities, stakeholders, legal fields, industries and risk event cases;
- (iii) We have established anti-fraud policies to define and regulate, among others, employee business activities, response measures, penalties, and whistleblower channels;
- (iv) We have established sanctions compliance policies to clarify and ensure compliance with sanctions matters in sales and procurement; and
- (v) We will engage external professional advisors, where necessary, and work with our internal audit and legal team to conduct regular reviews to ensure the effectiveness of all registrations, licenses, permits, filings and approvals.

Internal Control

We have engaged an independent internal control consultant to help identify and advise on mitigating risks relating to our operation. During the review by our independent internal control consultant, certain non-material deficiencies were identified, such as not establishing certain governance policies, based on a sample review and we have adopted the appropriate internal control measures to rectify such deficiencies. We are not aware of, and our independent internal control consultant did not identify, any material internal control weaknesses or incidents during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

We are committed to establishing and maintaining comprehensive risk management and internal control systems. We have adopted and implemented policies and systems encompassing risks that may arise in R&D, procurement, manufacturing, warehousing and logistics, and sales. Our risk management and internal control systems also cover the general functional operations such as human resources, financial management, asset management, intellectual property management, information system management and corporate governance as well as decision-making processes. Meanwhile, we are committed to supervising and evaluating the effectiveness of risk management and internal control system to ensure that the system is rectified and effectively controlled as our business develops.

We have established internal audit mechanism to continuously monitor our risk management and internal control systems, while seeking to actively promote compliance and integrity. We pursue a zero-tolerance policy towards bribery and corruption. We have adopted internal procedures that sets requirements and guidelines for business and commercial activities, management of company property, confidentiality, employee complaints and discipline management, emergency response measures, and whistleblower management. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any incidents of breaches of our internal control policies and procedures.