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Application Proof of

Xiamen Hithium Energy Storage Technology Co., Ltd.
厦门海辰储能科技股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Xiamen Hithium Energy Storage Technology Co., Ltd.*
厦门海辰储能科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
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IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

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This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in investing in the* [**REDACTED**] *are set out in the "Risk Factors" section in this Document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

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[(1)] 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%.

Our Products and Solutions

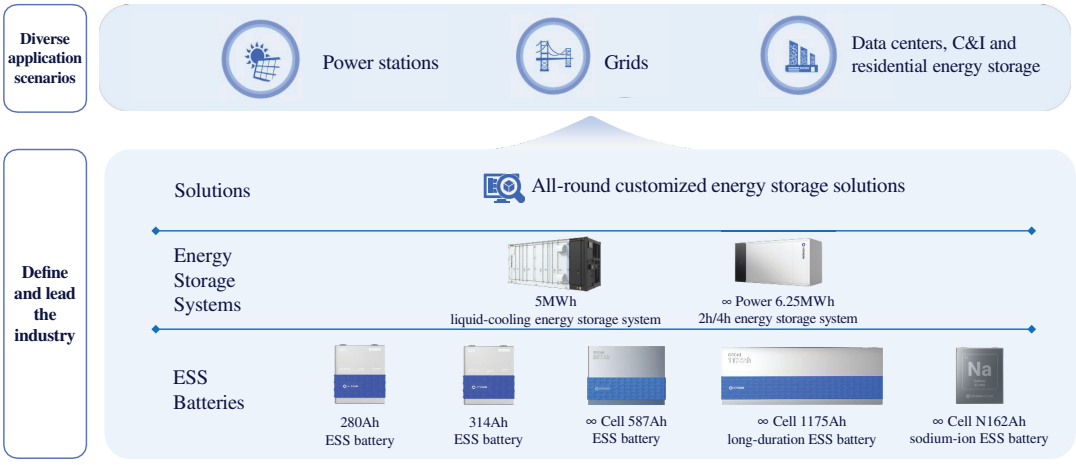
We always adhere to a customer-centric approach, providing a series of benchmark energy storage products and solutions tailored to different application scenarios, covering the entire industry chain from ESS batteries to energy storage systems and solutions. We generate revenue primarily from the sales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

- ***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, including our 280Ah, 314Ah, ∞Cell 587Ah and ∞Cell 1175Ah ESS batteries, deployable across a broad range of grid and utility-scale and C&I scenarios. Additionally, we have introduced the world's first sodium-ion utility-scale ESS battery with high charge/discharge rate and a cycle life exceeding 20,000 cycles, according to CIC which can be applied in extreme and complex scenarios such as high temperatures, and extreme cold.

(1) Pure-player in the electrochemical energy storage industry refers to energy storage companies focusing solely on the energy storage sector and are not involved in the power battery and consumer battery sectors.

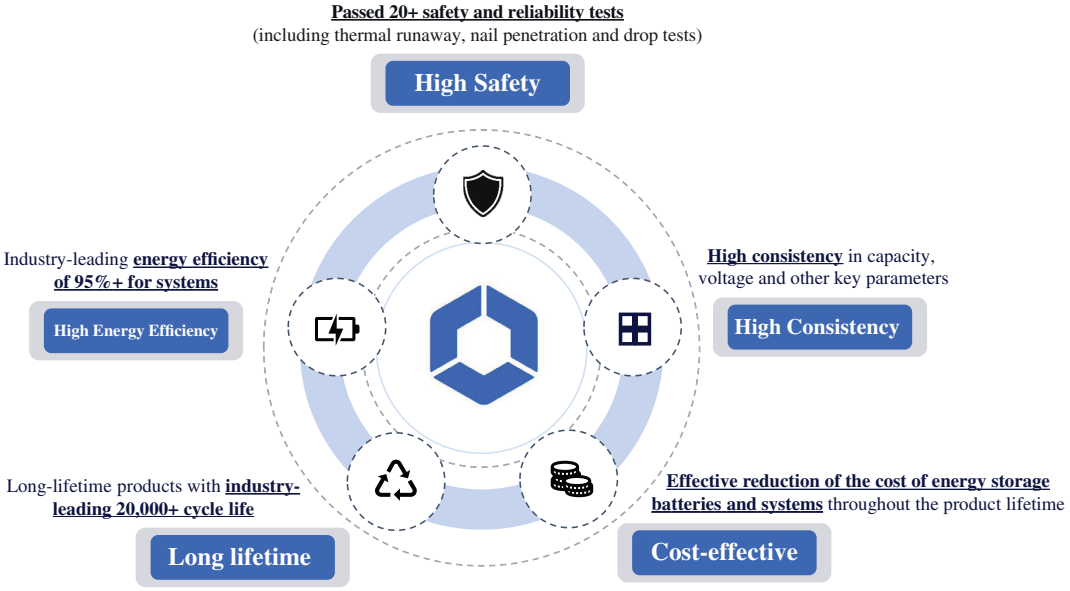
- ***Energy Storage Systems.*** On top of ESS batteries, we provide all-round energy storage systems with leading capabilities that can be applied in power stations, grids, data centers, commercial and industrial, and residential scenarios. Our 5MWh liquid-cooling energy storage system has established the current standard specifications in the energy storage industry, while our ∞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.

- ***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, including ultra-quiet system solutions targeted at European users and "Desert Eagle" solutions for users in the Middle East suitable for local ecological environments.



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.



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 "Business — 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%.

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 includes wind and solar, primarily attributable to its 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.

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 continuous 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.

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 Highlights and Strategic Focus

Strategic Focus

Only Pure-player in the World[1]

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

3rd in the World[1]

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 States[1]

Our R&D Capabilities

Advanced Energy Storage Products[1]

First mass-produced 314Ah ESS batteries

First to launch long-duration ESS batteries with capacity 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 Months[2]

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.

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 companies that have achieved global operations covering the entire value chain, offering global customers with highly adaptable, full-lifecycle energy storage products and 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 global 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.

OUR STRENGTHS

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

- Global enterprise focused on energy storage;

- Deep presence in key global markets with localized operations;

- High-quality global customer base;

- R&D capabilities driving product innovation;

- Optimized manufacturing efficiency with reliable quality; and

- Visionary management team with strategic insight and determination.

For details, see "Business — Our Strengths."

OUR STRATEGIES

We plan to implement the following strategies to achieve our long-term goals:

- Continue to focus on energy storage;
- Expand localization operations across the globe;
- Accelerate technological innovation;
- Comprehensively implement digital and intelligence transformation; and
- Continuously build an agile and efficient organization.

For details, see "Business — Our Strategies."

MANUFACTURING

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, 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.

For details, see "Business — Manufacturing."

OUR CUSTOMERS AND SUPPLIERS

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, power generation companies, renewable energy companies, and energy project developers. 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 and 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. For details, see "Business — Sales, Marketing and Customers."

Our suppliers primarily include suppliers of key raw materials, primarily consisting of lithium iron phosphate, graphite, electrolytes, separators, copper foils and aluminum foils. Purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB3,951.5 million, RMB4,314.4 million, and 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. For details, see "Business — Supply Chain Management."

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, including risks relating to (i) our industry and business; (ii) doing business in the jurisdictions where we operate; and (iii) the [**REDACTED**]. Some of the major risks we face include, but are not limited to, the following:

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

- We 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.

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

- Our research and development are subject to risks and uncertainties, and we may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability.

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

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

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

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

- Failure to protect our intellectual property rights may materially and negatively affect our business, results of operations and financial condition.

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

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

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

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 or higher 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 centers 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.

SUMMARY OF KEY FINANCIAL INFORMATION

Description of Selected Components of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Revenue	3,614,889	10,201,828	12,916,757	2,147,566	6,971,212
Cost of sales	(3,204,600)	(8,963,982)	(10,608,197)	(2,069,475)	(6,054,873)
Gross profit	410,289	1,237,846	2,308,560	78,091	916,339
Other income	23,789	243,094	502,869	163,461	407,709
Other gains and losses	(1,291,450)	(1,718,250)	21,022	15,666	3,335
Selling and marketing expenses	(70,343)	(240,363)	(303,222)	(142,414)	(190,021)
Administrative expenses	(653,213)	(710,315)	(789,826)	(327,842)	(489,095)
Research and development expenses	(197,367)	(484,915)	(530,038)	(265,622)	(271,400)
Impairment losses under expected credit loss ("ECL") model, net of reversal	517	(171,242)	(532,314)	(89,017)	(28,907)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share of results of associates	1,898	(3,248)	(20,207)	(5,769)	765
Finance costs	(64,733)	(206,444)	(335,740)	(165,242)	(188,971)
(LOSS) PROFIT BEFORE TAX	(1,840,613)	(2,053,837)	314,342	(738,688)	152,083
Income tax credit (expense)	63,754	78,838	(26,699)	130,514	60,684
(LOSS) PROFIT FOR THE YEAR/PERIOD	**(1,776,859)**	**(1,974,999)**	**287,643**	**(608,174)**	**212,767**
Attributable to:					
Owners of the Company	(1,769,785)	(1,962,602)	258,536	(587,156)	212,110
Non-controlling interests	(7,074)	(12,397)	29,107	(21,018)	657
	(1,776,859)	**(1,974,999)**	**287,643**	**(608,174)**	**212,767**

Revenue

Revenue by Product Type

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as percentages of total revenue for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
ESS batteries[(1)]	2,538,320	70.2	7,957,162	78.0	7,960,613	61.6	1,871,585	87.1	5,449,273	78.2
Energy storage systems	909,493	25.2	1,973,217	19.3	4,670,503	36.2	168,704	7.9	1,279,217	18.3
Materials and others[(2)]	167,076	4.6	271,449	2.7	285,641	2.2	107,277	5.0	242,722	3.5
Total	**3,614,889**	**100.0**	**10,201,828**	**100.0**	**12,916,757**	**100.0**	**2,147,566**	**100.0**	**6,971,212**	**100.0**

Notes:

(1) During the Track Record Period, substantially all of our revenues from ESS batteries were generated from lithium-ion batteries. We have introduced our sodium-ion ESS batteries and achieved mass production in the second half of 2025.

(2) Revenue of materials and others mainly include revenue from sales of materials related to ESS batteries.

In 2023 and 2024, revenue generated from sales of energy storage systems significantly increased from RMB1,973.2 million to RMB4,670.5 million primarily as we rapidly expanded our overseas sales. As a result, our gross profit margin for energy storage systems increased significantly from 13.2% in 2023 to 33.7% in 2024, primarily due to the increased sales of energy storage systems overseas in 2024 which entailed comparatively higher gross profit margin. Our revenue from our ESS batteries increased from RMB1,871.6 million for the six months ended June 30, 2024 to RMB5,449.3 million for the six months ended June 30, 2025, primarily due to our increased sales volume of ESS batteries, mainly attributable to our technological advantages and well-established sales network, driving a significant increase in our sales volumes. Our revenue from our energy storage systems increased from RMB168.7 million for the six months ended June 30, 2024 to RMB1,279.2 million for the six months ended June 30, 2025, primarily due to the increase in sales in the Americas and Europe with our continuous overseas expansion efforts.

Revenue by Region

The following table sets forth the breakdown of our revenue by geographic region, in absolute amounts and as percentages of total revenue for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)									
							(unaudited)			
Mainland China	3,614,856	100.0	10,100,713	99.0	9,216,616	71.4	2,076,889	96.7	5,750,262	82.5
The United States	17	0.0	537	0.0	3,385,597	26.2	6	0.0	821,119	11.8
Others [(1)]	16	0.0	100,578	1.0	314,544	2.4	70,671	3.3	399,831	5.7
Total	**3,614,889**	**100.0**	**10,201,828**	**100.0**	**12,916,757**	**100.0**	**2,147,566**	**100.0**	**6,971,212**	**100.0**

Note:

(1) Other overseas markets primarily include Europe, the Middle East, Africa, Australia and Asia excluding mainland China.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

The following table sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin by product type for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
ESS batteries	272,282	10.7	993,269	12.5	719,258	9.0	60,319	3.2	526,629	9.7
Energy storage systems	136,436	15.0	261,192	13.2	1,573,719	33.7	18,862	11.2	380,048	29.7
Materials and others[(1)]	1,571	0.9	(16,615)	(6.1)	15,583	5.5	(1,090)	(1.0)	9,662	4.0
Total/Overall	**410,289**	**11.3**	**1,237,846**	**12.1**	**2,308,560**	**17.9**	**78,091**	**3.6**	**916,339**	**13.1**

Note:

(1) Materials and others mainly include materials related to ESS batteries. We recorded gross loss of materials and others for the year ended December 31, 2023 with a negative gross margin of 6.1%, primarily due to the decreased sales prices of materials related to ESS batteries compared to its purchase price as a result of the fluctuation of the prices of raw materials during the year. We recorded gross loss of materials and others for the six months ended June 30, 2024 with a negative gross margin of 1.0%, primarily due to fluctuations in raw material prices.

Non-IFRS Financial Measures

Our consolidated financial information was prepared in accordance with IFRS. To supplement our consolidated results which were prepared and presented in accordance with IFRS, we use adjusted net (loss)/profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of certain items. We believe that these measures provide useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, the use of the non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net (loss)/profit (a non-IFRS measure) as (loss)/profit for the year/period adjusted by adding back fair value loss on puttable shares liabilities, share-based compensation expense and [**REDACTED**]. Our management considers that the puttable shares liabilities had been terminated in 2023 and no further fair value change on this will be recognized. In addition, share-based compensation expense is non-cash in nature and do not result in cash outflow. We also exclude [**REDACTED**] which are related to this [**REDACTED**].

We define adjusted EBITDA (a non-IFRS measure) as adjusted (loss)/profit for the year/period adjusted by adding back income tax (credit)/expense, finance costs, interest income and depreciation and amortization.

The following table sets forth a reconciliation of our adjusted net (loss)/profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) for 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 to the nearest measures prepared in accordance with IFRS.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(RMB in thousands)		
				(unaudited)	
(Loss) profit for the year/period	**(1,776,859)**	**(1,974,999)**	**287,643**	**(608,174)**	**212,767**
Add:					
Fair value loss on puttable shares liabilities	1,290,461	1,715,798	–	–	–
Share-based compensation expense	381,811	33,989	23,591	13,265	26,122
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net (loss) profit (a non-IFRS measure)	**(104,587)**	**(225,212)**	**317,996**	**(594,909)**	**246,560**
Add:					
Income tax (credit) expense	(63,754)	(78,838)	26,699	(130,514)	(60,684)
Finance costs	64,733	206,444	335,740	165,242	188,971
Interest income	(11,250)	(81,526)	(76,069)	(39,925)	(58,291)
Depreciation and amortization	84,971	340,325	650,764	204,820	340,702
Adjusted EBITDA (a non-IFRS measure)	**(29,887)**	**161,193**	**1,255,130**	**(395,286)**	**657,258**

Discussion of Key Balance Sheet Items

The following table sets forth a summary of consolidated balance sheet as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Total non-current assets	**4,682,812**	**10,563,903**	**12,794,463**	**13,759,984**
Total current assets	**5,326,440**	**13,460,737**	**18,655,973**	**20,936,131**
Total current liabilities	**9,291,565**	**9,742,677**	**14,440,018**	**17,530,725**
NET CURRENT (LIABILITIES) ASSETS	**(3,965,125)**	**3,718,060**	**4,215,955**	**3,405,406**
TOTAL ASSETS LESS CURRENT LIABILITIES	**717,687**	**14,281,963**	**17,010,418**	**17,165,390**
NON-CURRENT LIABILITIES	**2,354,713**	**6,229,744**	**8,552,313**	**8,474,876**
NET (LIABILITIES) ASSETS	**(1,637,026)**	**8,052,219**	**8,458,105**	**8,690,514**
TOTAL (DEFICIT) EQUITY	**(1,637,026)**	**8,052,219**	**8,458,105**	**8,690,514**

We recorded net current liabilities of RMB3,965.1 million as of December 31, 2022 and net current assets of RMB3,718.1 million as of December 31, 2023, primarily due to (i) an RMB4,477.6 million increase in trade, bills and other receivables due to the increased sales of our products; (ii) an RMB3,032.0 million increase in cash and cash equivalents, and (iii) an RMB4,911.1 million decrease in financial liabilities at FVTPL; and partially offset by (i) an RMB3,830.5 million increase in trade, bills and other payables due to an increase in procurement of raw materials; and (ii) an RMB1,992.9 million increase in bank and other borrowings.

Our net current assets increased from RMB3,718.1 million as of December 31, 2023 to RMB4,216.0 million as of December 31, 2024, primarily due to (i) an RMB4,210.2 million increase in trade, bills and other receivables due to an increase in sales of our products; (ii) an RMB1,467.1 million increase in restricted bank deposits; and partially offset by (i) an RMB3,350.4 million increase in trade, bills and other payables due to an increase in procurement of raw materials and to increase our production volume to meet increasing customer demand; and (ii) an RMB585.4 million increase in contract liabilities.

Our net current assets decreased from RMB4,216.0 million as of December 31, 2024 to RMB3,405.4 million as of June 30, 2025, primarily due to (i) an RMB1,274.4 million increase in bank and other borrowings; (ii) an RMB1,114.3 million increase in trade, bills and other payables, generally in line with our expanded production and procurement; (iii) an RMB746.0 million increase in contract liabilities in line with our business expansion; and partially offset by an RMB2,171.6 million increase in inventories resulting from higher stock levels to support our expanded business scale.

We recorded total equity of RMB8,052.2 million in 2023, as opposed to total deficit of RMB1,637.0 million in 2022, primarily due to (i) derecognition of puttable shares liabilities of RMB11,201.9 million upon the termination of the Company's obligations arising from certain redemption rights and liquidation preferences as set out in Note 33 to Appendix I to this Document, and (ii) issue of new shares of RMB4,694.9 million, partially offset by (i) recognition of puttable shares liabilities of RMB4,574.9 million in relation to the Company entering into investment agreements with independent investors, and (ii) loss for the year of RMB1,975.0 million. Our total equity increased to RMB8,458.1 million in 2024, primarily due to (i) our profit for the year of RMB287.6 million, and (ii) capital injection from non-controlling shareholders of RMB89.5 million. Our total equity remained relatively stable at RMB8,458.1 million as of December 31, 2024 and RMB8,690.5 million as of June 30, 2025.

For details, see "Financial Information — Discussion of Key Balance Sheet Items."

Cash Flows

The following table sets forth a summary of our cash flows for the year/period indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	(RMB in thousands)				
				(unaudited)	
Net cash (used in) from operating activities	(260,065)	(1,746,358)	109,784	(283,403)	1,353,481
Net cash used in investing activities	(2,541,405)	(4,905,291)	(2,623,797)	(1,700,613)	(2,571,452)
Net cash from financing activities	4,971,257	9,683,164	1,522,149	906,921	823,074
Net increase (decrease) in cash and cash equivalents	2,169,787	3,031,515	(991,864)	(1,077,095)	(394,897)

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Cash and cash equivalents at the beginning of the year/period	82,660	2,252,487	5,284,501	5,284,501	4,293,783
Effect of foreign exchange rate changes	40	499	1,146	666	6,426
Cash and cash equivalents at the end of the year/period	2,252,487	5,284,501	4,293,783	4,208,072	3,905,312

Net Cash Used in Operating Activities

For the six months ended June 30, 2025, our net cash from operating activities was RMB1,353.5 million, which was primarily attributable to our profit before tax of RMB152.1 million, as adjusted by non-cash and other items to arrive at an operating cash inflows before movements in working capital of RMB437.8 million. Our movements in working capital primarily reflected (i) an increase in trade, bills and other receivables of RMB278.1 million, primarily due to settlements received from certain customers; and (ii) an increase in trade, bills and other payables of RMB3,310.0 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand; partially offset by (i) an increase in inventories of RMB1,927.2 million to support our business expansion.

In 2024, our net cash from operating activities was RMB109.8 million, which was primarily attributable to our profit before tax of RMB314.3 million, as adjusted by non-cash and other items to arrive at an operating cash inflows before movements in working capital of RMB1,431.6 million. Our movements in working capital primarily reflected (i) an increase in trade, bills and other payables of RMB3,913.8 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand, and (ii) an increase in contract liabilities of RMB585.4 million; partially offset by (i) an increase in trade, bills and other receivables of RMB5,405.1 million, primarily due to an increase in sales of our energy storage products which contributed to the large balance of trade receivables as of the end of 2024, and (ii) an increase in inventories of RMB329.1 million, primarily due to higher production volume to meet anticipated sales demand.

In 2023, our net cash used in operating activities was RMB1,746.4 million, which was primarily attributable to our loss before tax of RMB2,053.8 million, as adjusted by non-cash and other items to arrive at an operating cash inflows before movements in working capital of

RMB374.4 million. Our movements in working capital primarily reflected (i) an increase in trade, bills and other receivables of RMB4,619.2 million, primarily due to an increase in trade receivables as a result of the increased sales, and (ii) a decrease in contract liabilities of RMB495.5 million, primarily due to a decrease in advance payments from our customers; partially offset by an increase in trade, bills and other payables of RMB2,330.4 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand.

In 2022, our net cash used in operating activities was RMB260.1 million, which was primarily attributable to our cash outflow before tax of RMB1,840.6 million, as adjusted by non-cash and other items to arrive at an operating cash outflows before movements in working capital of RMB81.9 million. Our movements in working capital primarily reflected (i) an increase in inventories of RMB1,760.3 million, primarily due to the increase in our production capacity and sales volume as in 2022, and the corresponding increase in the provision of inventories in order to meet the business demand, and (ii) an increase in trade, bills and other receivables of RMB416.1 million, primarily due to an increase in trade receivables as a result of the increased sales; partially offset by an increase in trade, bills and other payables of RMB1,582.0 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand, and the corresponding increase in procurement payables.

For details, see "Financial Information — Liquidity and Capital Resources — Cash Flows."

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin (%)	11.3	12.1	17.9	13.1
Net profit margin (%)	(49.2)	(19.4)	2.2	3.1
Return on equity (%)[(1)]	NM[(3)]	NM[(3)]	3.4	NM[(7)]
Return on assets (%)[(2)]	NM[(3)]	NM[(3)]	0.9	NM[(7)]
Debt-to-asset ratio (%)[(4)]	116.4	66.5	73.1	75.0
Current ratio[(5)]	0.6	1.4	1.3	1.2
Quick ratio[(6)]	0.4	1.2	1.1	0.9

Notes:

(1) Return on equity is calculated as profit for the relevant year/period divided by the ending balance of total equity, then multiplied by 100%.

(2) Return on assets is calculated as profit for the relevant year/period divided by the ending balance of total assets, then multiplied by 100%.

(3) NM (Not Meaningful): As a net loss was recorded for the relevant year, this figure is not meaningful.

(4) Debt-to-asset ratio is calculated as total liabilities at the end of the year/period divided by total assets, then multiplied by 100%.

(5) Current ratio is calculated as total current assets at the end of the year/period divided by total current liabilities.

(6) Quick ratio is calculated as total current assets at the end of the year/period minus inventories, then divided by total current liabilities.

(7) NM (Not Meaningful): Ratios based on six-month period results are not comparable with annual ratios.

For details, see "Financial Information — Key Financial Ratios."

SALES VOLUME

The following tables set forth the breakdown of our sales volumes and average selling prices (net of tax) by product type for the year/period indicated.

	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 remained relatively stable from 2022 to 2024, as our energy storage systems are primarily sold in overseas markets with strong demands. The average selling price of energy storage systems decreased slightly from RMB0.87/Wh in 2024 to RMB0.74/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.

BUSINESS SUSTAINABILITY AND PROVEN PATH TO PROFITABILITY

In 2024 and for the six months ended June 30, 2025, we achieved profitability and recorded net profits of RMB287.6 million and RMB212.8 million, and net profit margin of 2.2% and 3.1%, respectively, 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 since 2024. 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.

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.

For details see "Business — Business Sustainability and Proven Path to Profitability."

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries since our incorporation. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. As advised by our PRC Legal Adviser, we shall not pay dividends to Shareholders until we have made up for accumulated losses. Pursuant to our Articles of Association, which sets forth our dividend policy, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any

declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. After the [**REDACTED**], we may declare and pay dividends mainly by cash or by stock that we consider appropriate. We do not have have a pre-determined dividend ratio in our Articles of Association. Decisions to declare or to pay any dividends in the future will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows, and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this Document), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

We intend to use the net [**REDACTED**] as follows:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to increase our production capacity for ESS batteries to address the increasing demand from downstream customers;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for research and development to further enhance our technological leadership in the energy storage field;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to build our global sales and service network over the next three years to support our international growth strategies; and

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

For details, see "Future Plans and Use of [**REDACTED**]."

OUR SHAREHOLDING STRUCTURE

Our Single Largest Shareholders

As at the Latest Practicable Date and immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), Hithium Technology controlled and will control 29.09% and [**REDACTED**]% of our total issued share capital. Hithium Technology is held by Zhuhai Haiheng, Zhuhai Huiwei and Mr. Wang, our executive Director and chief executive officer, as to 73.31%, 21.98% and 4.71%, respectively. Zhuhai Haiheng is held by Mr. Wu as to 92% and Mr. Wang as to 8%. Mr. Wu is the general partner of Zhuhai Haiheng. Zhuhai Huiwei is held and managed by individuals who are our Independent Third Parties who are not involved in the management and daily operation of our Company. Therefore, Mr. Wu, Mr. Wang, Zhuhai Haiheng and Hithium Technology will be our Single Largest Shareholders upon the [**REDACTED**]. For further details, see "Relationship with the Single Largest Shareholders."

[**REDACTED**] Investments

We have undergone multiple rounds of [**REDACTED**] Investments. For further details of the backgrounds of our [**REDACTED**] Investors and the principal terms of the [**REDACTED**] Investments, see "History, Development and Corporate Structure — [**REDACTED**] Investments."

[**REDACTED**]

Based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], the total [**REDACTED**] (including [**REDACTED**]) payable by our Company are estimated to be approximately HK$[**REDACTED**] (equivalent to approximately RMB[**REDACTED**]), or [**REDACTED**]% of our gross [**REDACTED**], assuming the [**REDACTED**] is not exercised. These [**REDACTED**] comprise of (i) HK$[**REDACTED**] of [**REDACTED**] expenses (including but not limited to [**REDACTED**] and fees); and (ii) HK$[**REDACTED**] of [**REDACTED**] expenses, including HK$[**REDACTED**] of fees and expenses of legal advisors and accountants and HK$[**REDACTED**] of other fees and expenses.

As of June 30, 2025, we have incurred [**REDACTED**] of RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) for the [**REDACTED**], as being charged to our consolidated statements of profit or loss and other comprehensive income. We estimate that of the total [**REDACTED**] (including [**REDACTED**], assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]), HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and HK$[**REDACTED**] is expected to be charged against equity upon the [**REDACTED**].

[**REDACTED**]

LEGAL PROCEEDINGS AND 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.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

Regulatory Update

Since 2025, the U.S. government has announced certain tariffs and relevant new policies affecting various countries or regions as well as industries, thereby creating uncertainties to the economic development of various countries and global trade. For example, 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. As a countermeasure, China also imposed 34% additional tariff on goods imported from the United States, of which 24% has been similarly suspended for the corresponding period. As of the Latest Practicable Date, no further extension beyond November 10, 2025 has been announced. As relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts, and we will closely monitor relevant situation. See also "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" for the details of such tariff policies."

No Material Change

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2025, the end of the period reported on the Accountants' Report included in Appendix I to this Document.

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary."

"Accountants' Report"	the accountants' report of our Company prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended from time to time, which shall become effective upon the [**REDACTED**], a summary of which is set out in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "our Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China," "mainland China," or "PRC"	the People's Republic of China, which, for the purposes of this Document and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan Region
"CIC"	China Insights Industry Consultancy Limited, an independent professional market research and consulting company, which is an Independent Third Party
"CIC Report"	an independent market research report commissioned by us and prepared by CIC for the purposes of this Document
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Xiamen Hithium Energy Storage Technology Co., Ltd. (厦门海辰储能科技股份有限公司), formerly known as Xiamen Hithium New Energy Technology Co., Ltd. (廈門海辰新能源科技有限公司), a limited liability company established in the PRC on December 27, 2019 and converted into a joint stock company with limited liability on August 16, 2022
"Compliance Adviser"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules

"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)

[**REDACTED**]

"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period

[**REDACTED**]

"Group," "our Group," "our," "we," or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

"H Share(s)"	[**REDACTED**] ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange
	[**REDACTED**]
"Hithium Technology"	Xiamen Haichen Technology Development Company Limited (廈門海辰科技發展有限公司), a company established in the PRC on December 11, 2019 and one of our Single Largest Shareholders
	[**REDACTED**]
"HK$," "HKD" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong
	[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

[**REDACTED**]

"IFRSs"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors" [**REDACTED**]	the joint sponsors [**REDACTED**] as named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	October 17, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange

"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wang"	Mr. Wang Pengcheng (王鵬程), our co-founder, executive Director and chief executive officer and one of our Single Largest Shareholders
"Mr. Wu"	Mr. Wu Zuyu (吳祖鈺), our founder, chairman of the Board, an executive Director and one of our Single Largest Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Adviser"	Grandway Law Offices, the PRC legal adviser to our Company in connection with the [**REDACTED**]
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"[**REDACTED**] Investment(s)"	the investment(s) in our Group undertaken by the [**REDACTED**] Investors prior to this [**REDACTED**], the details of which are set out in "History, Development and Corporate Structure"
"[**REDACTED**] Investor(s)"	the investor(s) making investments in our Group prior to this [**REDACTED**] as set out in "History, Development and Corporate Structure"

[**REDACTED**]

"Document"	this document being issued in connection with the [**REDACTED**]

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

[**REDACTED**]

"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Single Largest Shareholders"	refers to Mr. Wu, Mr. Wang, Zhuhai Haiheng and Hithium Technology

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy and Sustainable Development Committee"	the strategy and sustainable development committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the committee of the Supervisors
"Track Record Period"	the period comprising the three financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollars," "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"VAT"	value-added tax
"Zhuhai Haiheng"	Zhuhai Haiheng New Energy Technology Partnership (Limited Partnership) (珠海市海恒新能源技術合夥企業(有限合夥)), a limited partnership established in the PRC on June 11, 2019 and one of our Single Largest Shareholders
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this Document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"Ah"	amp-hour, battery capacity unit
"AC"	alternating current, an electric current which periodically reverses direction and changes its magnitude continuously with time
"AI"	artificial intelligence
"ancillary service"	includes frequency regulation, peak shaving, reserves, reactive power control, and black start to ensure grid stability
"battery pack"	an assembly of interconnected batteries designed to store and supply electrical energy for various applications
"BMS"	battery management system, a system that monitors, manages, and protects batteries, ensuring safe operation, optimal performance, and extended lifespan
"BOM"	bill of materials
"CAGR"	compound annual growth rate
"capacity markets"	refers to a market-based mechanism that provides economic compensation for future power generation capacity
"C&I"	commercial and industrial
"DC"	direct current, an electric current which flows only in one direction
"demand side response"	refers to a mechanism where electricity consumers proactively adjust their usage based on price signals or incentives to optimize supply-demand balance and enhance grid flexibility
"energy density"	the amount of energy that can be contained within a given volume or given mass

GLOSSARY OF TECHNICAL TERMS

"EPC"	engineering, procurement and construction
"ESG"	environmental, social and governance
"ESS"	a system designed to store energy in various forms, such as chemical, thermal, or mechanical, for later use
"GB"	the national standards of China, established to ensure consistency, quality, and safety across various industries
"GB/T 29490"	Chinese national standard providing the requirements for enterprise intellectual property management, enabling organizations to establish, implement, and improve intellectual property management systems to enhance innovation and competitiveness
"GB/T 36276"	Chinese national standard defining safety and technical requirements for lithium-ion batteries used in electric bicycles
"grid dispatchability"	the ability of a power generation system or resource to provide electricity to the grid in a reliable and controlled manner, based on demand
"grid integration"	the process of connecting and synchronizing various energy sources, including renewable and conventional power generation, with the existing electricity grid
"GW"	gigawatt, a unit of power, one GW equals to 1 billion watts. Together with other units of power, it is the primary metric used in the energy industry to measure load capacity, shipment volume, etc.
"GWh"	gigawatt hour, a unit of energy representing one billion watt hours
"IEC 62619"	international standard specifying safety requirements for secondary lithium batteries used in industrial applications
"ISO 14001:2015"	international standard defining the requirements for an effective environmental management system, enabling organizations to enhance environmental performance and comply with regulations

"ISO 14064-1:2018"	international standard defining the principles and requirements for quantifying and reporting greenhouse gas emissions and removals, enabling organizations to measure, manage, and reduce their carbon footprint
"ISO 45001:2018"	international standard defining the requirements for an occupational health and safety management system, enabling organizations to improve workplace safety, reduce risks, and enhance employee well-being
"ISO 9001:2015"	international standard defining the requirements for a quality management system, enabling organizations to consistently meet customer and regulatory requirements
"kWh"	kilowatt-hours, a unit of energy representing 1,000 watt hours
"LCOE"	levelized cost of electricity, a measure of the average net present cost of electricity generation for a generator over its lifetime. It is used for investment planning and to compare different methods of electricity generation on a consistent basis
"LDES"	long-duration energy storage, refers to energy storage technology that can store electrical energy and continuously release it for more than 4 hours
"LFP"	lithium iron phosphate ($LiFePO_4$)
"life cycle" or "cycle life"	the number of cycles a battery can charge and discharge until its retirement
"lithium"	a metal chemical element, of which the element symbol is Li, and the atomic number is 3
"lithium-ion battery"	rechargeable battery that composes of cells in which lithium ions move from the negative electrode through electrolytes to the positive electrode during discharge and back when charging

"load shifting"	the practice of changing the timing of electricity consumption from peak demand periods to off-peak periods, by shifting electricity usage to times when demand is lower, load shifting helps to balance grid capacity, improve efficiency, and potentially lower costs
"MACSE bidding mechanism"	an auction-based procurement in Italy that offers a 15-year contracts with fixed premiums to bid winners, aiming at fostering the growth of energy storage capacity
"MES"	manufacturing execution system, a system that monitors, tracks, and controls manufacturing processes in real-time
"MRO"	maintenance, repair and overhaul
"MWh"	megawatt hour, a unit of energy representing one million watt hours
"NOx"	nitrogen oxides
"peaking shaving"	the practice of reducing the highest level of electricity demand during peak periods, typically done by utilizing various strategies to either reduce consumption during peak times or increase the supply of electricity to meet demand without overloading the grid
"pure-play"	a company or business that focuses exclusively on a single product, service, or market segment, without diversifying into other areas
"PV," "Photovoltaic"	PV stands for photovoltaic, which refers to the technology that converts sunlight directly into electricity using semiconductor materials
"R&D"	research and development
"SDG"	sustainable development goal
"SEI"	solid electrolyte interface
"separator"	a permeable membrane placed between a battery's anode and cathode, keeping the two electrodes apart to prevent electrical short circuits while also allowing the transport of ionic charge carriers needed to close the circuit during the passage of current in an electrochemical cell

GLOSSARY OF TECHNICAL TERMS

"sodium-ion battery"	batteries that utilize sodium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"solid state battery"	a type of rechargeable lithium-ion batteries that use solid state electrolyte
"SOx"	sulfur oxides
"TWh"	terawatt hour, a unit of energy representing one trillion watt hours
"UL 1973"	safety standard specifying the requirements for battery systems used in stationary, vehicle auxiliary power, and light electric rail applications, released by Underwriters Laboratories Inc., ensuring reliability and risk reduction
"UL 9540A"	test method standard evaluating the thermal runaway characteristics of battery energy storage systems, released by Underwriters Laboratories Inc., enabling manufacturers to assess fire and explosion hazards for improved safety
"UN 38.3"	the prevailing United Nations standard that lithium batteries must meet to receive certification for safe transport, which refers to Section 38.3 of Part 3 of the "United Nations Manual of Tests and Standards for the Transport of Dangerous Goods"
"V"	basic unit of voltage
"virtual power plant (VPP)"	refers to a system that aggregates decentralized distributed energy resources using information technologies and software platforms
"volumetric energy density"	the amount of energy that can be contained within a given volume
"Wh/kg"	watt hour per kilogram
"Wh/L"	watt hour per liter

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "ought to," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedule," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;

- change or volatility in interest rates, foreign exchange rates, [**REDACTED**], [**REDACTED**], commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and

- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors."

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

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

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

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

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

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

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

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

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

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

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

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

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

- difficulty and cost relating to compliance with different commercial and legal requirements of the markets in which we offer or plan to offer our products, including our ability to meet evolving product standards set by different regulatory or government authorities;

- failure to obtain or maintain permits for our products or services in these markets;

- different safety concerns and measures needed to address accident related risks in different countries and regions;

- inability to obtain, maintain or enforce intellectual property rights; and

- unanticipated changes in prevailing economic conditions and regulatory requirements.

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

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

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

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

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

The global ESS market is highly competitive and concentrated, and we expect that the competition will be even more intense in the future. Our existing competitors may seek to increase their market shares through various measures, such as continued R&D efforts, increased production capacity, optimized production process and active marketing campaigns. Our competitors may also have greater financial resources than us. We expect to face competition from both existing and new competitors as we expand our business into new business lines, geographic regions and product categories. Competitive pressure could also have an adverse impact on the demand for and pricing of our products, which in turn affects our growth and market share. Even if there is sufficient downstream demand for energy storage products, there is no guarantee that we will always succeed in competing with other market players for orders from downstream customers. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition.

Our research and development are subject to risks and uncertainties, and we may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability.

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

cannot assure you that our R&D projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will achieve wide market acceptance or enjoy the advantages as we expected. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in our competitive position. Even if such products can be successfully launched, we cannot assure you that they will be accepted by our customers and achieve anticipated sales target or profit.

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

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

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

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

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

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

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

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

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

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

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

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

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

Our success is subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. From time to time, we and our employees may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights. In addition, if we or our employees are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

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

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

Failure to protect our intellectual property rights may materially and negatively affect our business, results of operations and financial condition.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and comprehensive manner in the future. See "Business — Intellectual Property." Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal

proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. As a result, our business, financial condition and results of operation might be adversely affected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the purchase of equipment and construction of production facilities. To the extent that we expand or add new production facilities, we expect to fund the related financial commitments and other capital and operating expenses from the proceeds from banking facilities and the net [**REDACTED**] from the [**REDACTED**]. However, we cannot assure you that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable and affordable to us or consistent with our expectations. To the extent we cannot obtain financing for our expansion or acquisitions at reasonable costs or at all in the future, our business may be adversely affected. In addition, our expansions require us to make pre-construction preparation and trial production input, as a result, during certain quarters we may incur higher working capital needs that may affect our working capital sufficiency. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. If that happens, our business, financial position, results of operations, prospects may be affected.

If we fail to maintain optimal inventory levels and manage our inventory effectively, our inventory holding costs could increase and cause us to lose sales.

In order to operate our business effectively and meet our consumers' demands and expectations, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2022, 2023, 2024, and June 30, 2025, we had inventories of RMB1,967.7 million, RMB1,420.5 million, RMB2,125.1 million and RMB4,296.7 million, respectively. We determine our level of inventory based on our experience, number of orders from customers, assessment of customer demand and fluctuation in prices of raw materials. However, such assessment is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. During the Track Record Period, we recorded write-down of inventories of RMB3.9 million in 2022, RMB320.6 million in 2023, RMB205.1 million in 2024, and RMB74.6 million for the six months ended June 30, 2025. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

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

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

As of December 31, 2022, 2023 and 2024, and June 30, 2025, our trade receivables, net of impairment loss allowance, amounted to RMB223.2 million, RMB4,019.9 million, RMB8,314.5 million and RMB7,702.8 million, respectively. In 2022, 2023 and 2024 and the six months ended June 30, 2025, our trade receivables turnover days were 11.8 days, 78.6 days, 185.7 days and 227.9 days, respectively. The increase in our trade receivables turnover days during the Track Record Period was mainly due to rapid growth of our revenue in which the relating trade receivables balances increased proportionally and more diversified settlement terms, primarily extended the terms with overseas customers as we further expand into overseas markets. We recorded allowance for credit losses of trade receivables of RMB1.8 million, RMB147.1 million, RMB661.4 million and RMB683.3 million as of December 31, 2022, 2023, 2024, and June 30, 2025, respectively. See "Financial Information — Discussion of Key Balance Sheet Items — Trade, Bills and Other Receivables." There can be no assurance that we will be able to maintain our trade receivables turnover days at a reasonable level. Should the credit worthiness business operation or financial condition of our customers deteriorate, or should a significant number of our customers fail to settle their trade receivables in full for any reason, we may continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers within their respective credit period,

which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade receivables from the customers or that they will settle our trade receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

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

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

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

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

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

We currently purchase certain key raw materials and components needed for our products from third parties, primarily consisting of lithium iron phosphate, graphite, electrolytes, separators, copper foils and aluminum foils. However, we cannot assure you that our suppliers will be able to satisfy our future requirements of quality and quantity of raw materials on a timely basis. See "Business — Supply Chain Management — Procurement of Raw Materials." Moreover, the prices of raw materials and components could fluctuate significantly due to circumstances beyond our control. If our current suppliers are unable to satisfy our long-term requirements on a timely basis, we may be required to seek alternative sources for necessary materials and components, produce the raw materials or components in-house or redesign our proposed products to manufacture available substitutes at reasonable cost. If we fail to do so, it will result in a significant delay in our manufacturing and delivery of our products, which may result in liabilities of damages and damage to our reputation, and will adversely and materially affect our business, results of operations and financial condition.

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

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

We expect to expand our production capacity to meet customers' expected demands for our products. See "Business — Manufacturing — Planned Production Capacity Expansion." Such expansion will impose significant responsibilities on our senior management and require significant commitment of our resources, including financial resources and the time needed to identify, recruit, maintain, and integrate additional employees. Our proposed expansion will also expose us to greater overhead and support costs and other risks associated with the manufacture and commercialization of our products as disclosed in this Document. Difficulties in effectively managing the budgeting, financing, forecasting and other process control issues presented by such expansion could negatively affect our business, prospects, results of operations and financial condition. Such expansion is also required to obtain various approvals, permits, licenses and certificates and complete relevant inspections by competent government authorities. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain relevant approvals, permits, licenses and certificates or complete the inspections for our production expansion projects may materially delay our production expansion or even result in the cancellation of such plans, which may adversely affect our business, financial conditions and results of operations. See "— We may experience delays and/or failures in obtaining and renewing relevant governmental approvals, licenses, permits or others required for our new construction or expansion projects."

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

- delays by our suppliers and equipment vendors and cost overruns as a result of a number of factors, many of which may be beyond our control or cannot be foreseen, such as increases in raw material prices and problems with equipment vendors;

- delays or failure in obtaining required approvals for production from relevant government authorities and/or regulatory bodies;

- our ability to configure the production lines for specific products in a timely manner;

- the performance of the manufacturing equipment we procured and the production expertise we retained; and

- diversion of significant management attention and other resources.

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

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

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

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

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

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

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

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees. Safety trainings provided to our employees may not be effective to prevent accidents. As our manufacturing process is complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur. Any significant accidents involving heavy machinery and equipment could disrupt our production, tarnish our brand image and expose us to legal and regulatory liabilities. Our work-related injury insurance and medical insurance in place may not be sufficient to cover losses resulting from claims related to such accidents. See "— Our insurance coverage may not be sufficient to cover losses and liabilities arising from various operational risks and hazards."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our products and solutions rely on software and hardware systems that are highly technical and complex and will require modification and upgrades over their service life. In addition, certain of our products depend on the ability of such software and hardware to store, retrieve, process and manage immense amounts of data. Such software and hardware may contain errors, bugs, design defects or vulnerabilities, and the systems are subject to certain technical limitations and cyber security risk that may compromise our ability to meet the designed objectives and breaches of our cyber security measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. Some errors, bugs or vulnerabilities inherently may be difficult to detect and may only be

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

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

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

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

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

As a result of the highly specialized, technical nature of our business, our success depends on the continued services of our highly-skilled employees, senior management and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Moreover, our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly-skilled employees or other key personnel that we will need to achieve our strategic objectives. As we are still a relatively young company, our ability to recruit, train and integrate new employees into our operations may not meet the growing demands of our business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information such as know-how and may lessen the technological advantages over our competitors that we have developed. In addition, if any of our key personnel joins a competitor or forms a competing company, we may lose some of our customers. We have entered into confidentiality and non-competition agreements with our key management and key employees. If any dispute arises between our key management and employees and us, we cannot assure you that these agreements could be enforced in the jurisdiction where most of our key management and employees reside and hold most of their assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our contract liabilities comprise advances received from our customers to deliver products. We typically require some of our customers to pay part of the consideration for their purchases from us upon or prior to the delivery of the products. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had contract liabilities of RMB595.6 million, RMB100.1 million, RMB685.5 million and RMB1,431.5 million, respectively. See "Financial Information — Discussion of Key Balance Sheet Items — Contract Liabilities." Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. The continued operation of our production facilities may be substantially interrupted and materially and adversely affected due to a number of factors, many of which may be beyond our control. As a result of disruption to any of our production facility or any problems in manufacturing our products, we may fail to fulfill our contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

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

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

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

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

We recorded other income from government grants of RMB11.2 million, RMB101.0 million, RMB414.1 million, RMB120.3 million and RMB334.0 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Not all of the government subsidies are recurring in nature. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Other Income." Policies and regulations adopted by the governments are important to the continuing success of our business. Existing incentive programs may be reduced or eliminated for economic, political, financial or other reasons. In addition, the provincial or local governments may delay the implementation or fail to fully implement central government regulations, policies or initiatives, and the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government subsidies in the future. If we are unable to receive the government subsidies in the future at the same level as we had during the Track Record Period, our financial condition and results of operations for the period may be adversely affected.

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

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

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

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

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

For the years ended December 31, 2022, 2023 and the six months ended June 30, 2024, we had net cash used in operating activities of RMB260.1 million, RMB1,746.4 million and RMB283.4 million, respectively. See "Financial Information – Liquidity and Capital Resources – Cash Flows" for further details. There is no assurance that we will not experience net cash outflows from our operating activities in the future. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity, financial condition and prospects may be adversely affected. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to obtain additional cash, we will incur additional financing costs, and we cannot assure you that we will be able to obtain the financing on terms acceptable to us, or at all.

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

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

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

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

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

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

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

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

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

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

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

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

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

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

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

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

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

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

In addition, under the Individual Income Tax Law of the PRC and its implementation regulations, non-PRC resident individual holders are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Based on our knowledge, as of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, no such individual income tax was levied by PRC tax authorities in practice. If such tax is collected in the future, the value of such individual holders' [**REDACTED**] in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and its implementation regulations, a non-PRC resident enterprise that do not have establishments or premises in China, and those have establishments or premises in China but whose income is not related to such establishments or premises is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from us and gains derived from the disposition of H shares. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代

扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. PRC tax authorities are responsible for interpreting and implementing the EIT Law and its implementation rules, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' [**REDACTED**] in H Shares may be materially and adversely affected.

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

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

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

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

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

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

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

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

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

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

If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of mainland China or otherwise fund any future business activities that are conducted in foreign currencies.

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

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

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

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

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. Any failure to make such contribution may directly expose us to penalties imposed by the local authorities and/or legal claims raised by our employees.

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

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

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

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

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

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

RISKS RELATING TO THE [REDACTED]

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

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

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

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

- involvement in material litigation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our headquarters, senior management, business operations and assets are primarily based outside of Hong Kong. Our executive Directors ordinarily reside in the PRC and, given that they play very important roles in our Company's business operations, it is in our best interests for them to continue to be based where our Group has significant operations; it would not be beneficial to or appropriate for our Group, and therefore not in the best interests of our Company or the Shareholders as a whole, to relocate any of our existing executive Directors to Hong Kong or appoint additional executive Directors ordinarily resident in Hong Kong.

Therefore, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between us and the Stock Exchange based on, among others, the following conditions:

(i) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Wang and Ms. Ho Wing Tsz Wendy (何詠紫) ("**Ms. Ho**") (the "**Authorized Representatives**"). Ms. Ho is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(ii) both Authorized Representatives have the means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has

implemented a policy whereby (i) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each Director has provided his/her mobile phone number, office phone number, email address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(iii) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required;

(iv) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required;

(v) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as our Compliance Adviser upon [**REDACTED**] for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange;

(vi) our Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Adviser, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

(vii) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(viii) our Company has designated staff members as the communication officers at our headquarters after the [**REDACTED**] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondence with and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for [**REDACTED**] on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Wu Liqing (吳麗卿) ("**Ms. Wu**") as one of our joint company secretaries. Ms. Wu has extensive experience in capital markets affairs but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Ho, who is a Chartered Secretary, a Chartered Governance Professional and a Fellow Member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. Ho will provide assistance to Ms. Wu for an initial period of three years from the [**REDACTED**] to enable Ms. Wu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Ms. Wu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Wu may be appointed as a joint company secretary of our Company.

Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants, the waiver will be for a fixed period of time (the "**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Ms. Ho will work closely with Ms. Wu to jointly discharge the duties and responsibilities as a company secretary and assist Ms. Wu in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Ho will also assist Ms. Wu in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Ho is expected to work closely with Ms. Wu and will maintain regular contact with Ms. Wu, the Directors, the Supervisors and the senior management of our Company. The waiver will be revoked immediately if Ms. Ho ceases to provide assistance to Ms. Wu as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Wu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Wu will also be assisted by (a) our Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Ms. Wu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Wu, having benefited from the assistance of Ms. Ho for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wu Zuyu (吳祖鈺)	Room 1201, Building 4 Difeng Apartment, Jingchenfu Xiwei Erli, Xindian Town Xiang'an District Xiamen, Fujian PRC	Chinese
Mr. Wang Pengcheng (王鹏程)	Room 0703, Building A Jiayuan Community 58 Huayuan Road Shishi, Fujian PRC	Chinese
Dr. Yi Ziqi (易梓琦)	Room 509 No. 6 Longqiu Beili Hongtang Town, Tong'an District Xiamen, Fujian PRC	Chinese
Mr. Pang Wenjie (龐文傑)	Room 10B02 No. 268 Xiahe Road Siming District Xiamen, Fujian PRC	Chinese
Independent Non-Executive Directors		
Dr. Huang Yunhui (黃雲輝)	702, Unit 3, Building No. 4 Yuyuan District Phase II Huazhong University of Science and Technology 1037 Luoyu Road Hongshang District Wuhan, Hubei PRC	Chinese
Mr. Jack Lin (林偉傑)	20/F, The Chelsea 69 Jervois Street Sheung Wan Hong Kong	Chinese
Ms. Wu Wei (吳蔚)	Flat B, 11/F, Tower 1 Ocean Wings 28 Tong Chun Street Tseung Kwan O Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Wu Yuyuan (吴玉源)	Room 602 No. 6 Longqiu Beili Hongtang Town, Tong'an District Xiamen, Fujian PRC	Chinese
Dr. Liao Linping (廖林萍)	Room 1119 No. 866-11 Wuxian Road Wuxian Town, Tong'an District Xiamen, Fujian PRC	Chinese
Ms. He Ying (何穎)	Room 1503 No. 3 Wuyuan Zunfu Zhongzhai Xi'er Li, Huli District Xiamen, Fujian PRC	Chinese

For further details on our Directors and Supervisors, see the section headed "Directors, Supervisors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

[**REDACTED**]

[**REDACTED**]

Legal Advisers to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

As to PRC laws (including as to PRC litigation laws)

Grandway Law Offices
7-8/F, News Plaza
No. 26 Jianguomennei Street
Dongcheng District
Beijing
PRC

As to non-compete matter and PRC intellectual property laws

Tian Yuan Law Firm
8th Floor, Tower Three
Kerry Plaza No. 1-1
Zhongxinsi Road
Futian District
Shenzhen, Guangdong
PRC

Legal Advisers to the Joint Sponsors and the [REDACTED]

As to Hong Kong and U.S. laws

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to Hong Kong laws

Jingtian & Gongcheng LLP
Suites 3203–3207, 32/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

As to PRC laws

Commerce & Finance Law Offices
12-15/F, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing
PRC

Reporting Accountants and Auditor	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B, Jing'an International Center No. 88 Puji Road, Jing'an District Shanghai PRC
Compliance Adviser	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 1 Benyuan Road Xiamen Torch High-tech Zone Tong'an District Xiamen, Fujian PRC
Principal Place of Business in Hong Kong	Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.hithium.com** (*information contained on this website does not form part of this Document*)
Joint Company Secretaries	**Ms. Wu Liqing (吳麗卿)** No. 1 Benyuan Road Xiamen Torch High-tech Zone Tong'an District Xiamen, Fujian PRC **Ms. Ho Wing Tsz Wendy (何詠紫)** (FCG, HKFCG) Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Wang Pengcheng (王鵬程)** No. 0703, Building A Jiayuan District, 58 Garden Road Shishi, Fujian PRC **Ms. Ho Wing Tsz Wendy (何詠紫)** (FCG, HKFCG) Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Audit Committee	Ms. Wu Wei (吳蔚) *(Chairperson)* Dr. Huang Yunhui (黃雲輝) Mr. Jack Lin (林偉傑)
Nomination Committee	Dr. Huang Yunhui (黃雲輝) *(Chairperson)* Mr. Wu Zuyu (吳祖鈺) Ms. Wu Wei (吳蔚)
Remuneration and Assessment Committee	Mr. Jack Lin (林偉傑) *(Chairperson)* Ms. Wu Wei (吳蔚) Mr. Wang Pengcheng (王鵬程)
Strategy and Sustainable Development Committee	Mr. Wu Zuyu (吳祖鈺) *(Chairperson)* Mr. Wang Pengcheng (王鵬程) Dr. Yi Ziqi (易梓琦) Dr. Huang Yunhui (黃雲輝) Mr. Jack Lin (林偉傑)

[**REDACTED**]

Principal Banks	**Agricultural Bank of China Co., Ltd.** **Xiamen Jiangtou Sub-branch** Jiuzhou Building Luling Road Jiangtou, Xiamen, Fujian PRC **Bank of China Co., Ltd.** **Xiamen Xiang'an Sub-branch** Shop No. 1-19 and 31-43 Honglinhu East 1 Road Xiang'an, Xiamen, Fujian PRC **China Construction Bank Co., Ltd.** **Xiamen High-Tech Sub-branch** No. 588 Jiahe Road Xiamen Torch Hi-tech Zone Tong'an District, Xiamen, Fujian PRC

The information and statistics set out in this section and other sections of this document are derived from various official government publications, market research and other publicly available sources, and other information sourced from independent suppliers, and from the independent industry report prepared by CIC. The information from official government sources has not been independently verified by us, the Joint Sponsors, [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**]*, or any other parties involved in the Document, or any of our or their respective directors, supervisors, senior management, representatives, advisers or any other persons involved in the Document and no representation is given as to its accuracy.*

OVERVIEW OF THE GLOBAL ENERGY STORAGE INDUSTRY

In recent years, in order to promote global sustainable development, various countries have actively responded to carbon emission reduction target. Energy, as the lifeblood of national economic development and an important cornerstone of national security, plays a crucial role. To ensure energy security and sustainability, countries around the world have proposed and implemented development strategies for energy structure transformation and building a green and low-carbon economy.

Electricity is one of the major forms of global end-use energy consumption. Driven by the rapid development of global transportation, industrial manufacturing, artificial intelligence and other industries, global electricity demand continues to rise. Global electricity consumption is expected to increase from 26,000TWh in 2024 to 70,000TWh in 2050, and the electrification rate will increase from 21.5% to 40.0%.

The robust growth of electricity demand has driven the continuous expansion of power supply, further promoting the upgrades and transformation of the supply structure. By virtue of its advantages of being clean, renewable, widely distributed and easily accessible, the proportion of renewable energy, dominated by wind and solar power, in the global electricity mix has continued to increase. The proportion of global wind and solar power generation is expected to increase from 16.5% in 2024 to 30.0% in 2030, and is expected to reach 60.0% in 2050. However, due to the large-scale grid integration, the intermittency and volatility of renewable energy has brought challenges to the safe operation of power systems. Therefore, energy storage, which can store excess electricity and release when needed, has become a key method to solve the problem of insufficient power grid's dispatchability for renewable energy. Currently, renewable energy equipped with ESS in certain regions have shown obvious economic viability. With the technological advancements and scaled application, the cost-effectiveness of energy storage will continue to improve, driving the industry into a period of rapid growth.

Overview of the Energy Storage Market

Energy storage enables the storage, conversion and release of electricity through mediums. In terms of utility scenarios, energy storage can cope with the intermittency, volatility, and spatial mismatch challenges associated with wind and solar power generation. In other scenarios, energy storage can meet the demands for energy management and emergency backup.

In recent years, the energy storage industry, driven by both policy guidance and market demand, has ushered in tremendous development opportunities. On one hand, through formulating carbon-neutral strategies and renewable energy quota policies, governments around the world have enhanced the role of energy storage in energy transition and power systems, providing guidance and support for the development of the energy storage industry. On the other hand, the establishment and improvement of multi-level market systems including the electricity spot market, medium- and long-term market, auxiliary service market and capacity market, have further enriched the revenue models for energy storage.

In the future, as the proportion of wind and solar power generation continues to increase, the duration demand for energy storage in power systems will gradually increase, and the long-duration energy storage (LDES) technologies will exhibit great potential and value in various scenarios. Additionally, the rapid development of artificial intelligence has facilitated a surge demand of electricity in data centers, making the combination of renewable energy and energy storage an effective solution to meet the fast-growing electricity demand in data centers.

Overview of Energy Storage Technologies

Energy storage mainly can be categorized into physical energy storage and electrochemical energy storage by technology routes, of which, electrochemical energy storage can be further categorized into lithium-ion battery energy storage, sodium-ion battery energy storage, flow battery energy storage, lead-acid battery energy storage, etc., while physical energy storage can be further categorized into pumped hydro storage, compressed air energy storage, etc.

Comparative Analysis of Different Technology Routes of Energy Storage, 2024

Category	Physical Energy Storage				Electrochemical Energy Storage				
Storage Type	Pumped Hydro Storage	Compressed Air Energy Storage	Gravity Energy Storage	Flywheel Energy Storage	Lithium-ion Battery	Sodium-ion Battery	Flow Battery	Lead-acid Battery	Solid-state battery
Efficiency	70%-75%	50%-70%	> 85%	> 90%	85%-98%	> 80%	75%-85%	70%-90%	80%-90%
Cycle Life	40-60 years	40-50 years	30-35 years	20 years	12,000 times	25,000 times	10,000 times	4,000 times	20,000 times
Power Density (Wh/kg)	0.5-1.5	30-60	5-20	50-150	150-250	70-160	10-30	30-50	400
Construction Period	●	◕	◕	◕	◔	◔	◑	◔	◔
Commercialization Process	●	◑	◔	◔	●	◑	◑	●	◔

Source: CIC

Note:

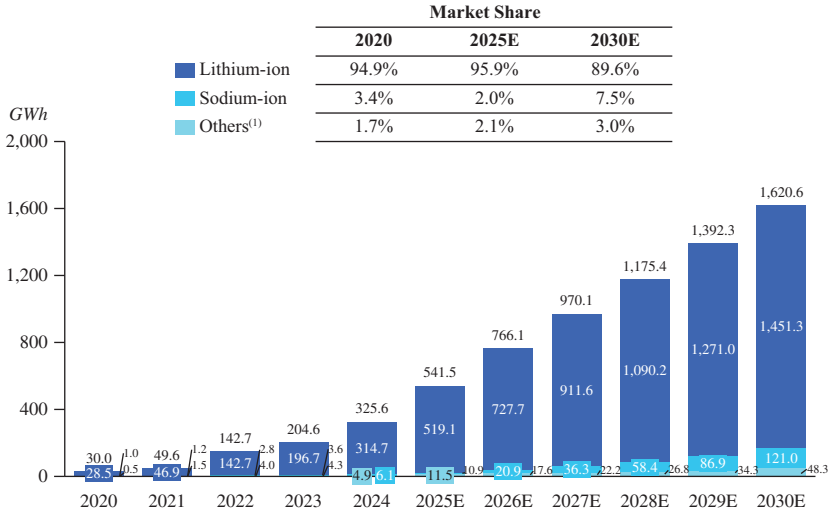
(1) ◔→● indicates the relevant indicators from low to high.

The commercial process of physical energy storage, except for pumped hydro storage, still needs technology validation, while pumped hydro storage is limited by terrain restrictions and long construction period.

Lithium-ion energy storage is the most mainstream electrochemical technology at present, and lithium-ion batteries have established a mature industrial chain and significant cost advantages and rapidly achieved industrialization in the field of energy storage. By virtue of its rapid response capability, flexible deployment and other characteristics, lithium-ion energy storage has became one of the essential dispatchable resources of the power grid. It is expected that by 2030, the global shipment volume of lithium-ion ESS batteries will reach 1,451.3GWh, accounting for approximately 90.0% of the shipment of electrochemical ESS batteries.

Sodium-ion batteries, with their performance advantages such as wide range of temperature durability, high safety and high charge/discharge rate, also show broad application prospects in the field of energy storage. It is expected that by 2030, the global shipment of sodium-ion ESS batteries will reach 121.0GWh, accounting for 7.5% of the shipment of electrochemical ESS batteries, serving as a complementary role with lithium-ion energy storage.

Market Size of Global ESS Battery Shipments, by Technology Routes, 2020-2030E



Source: Infolink, BNEF, CIC

Note:

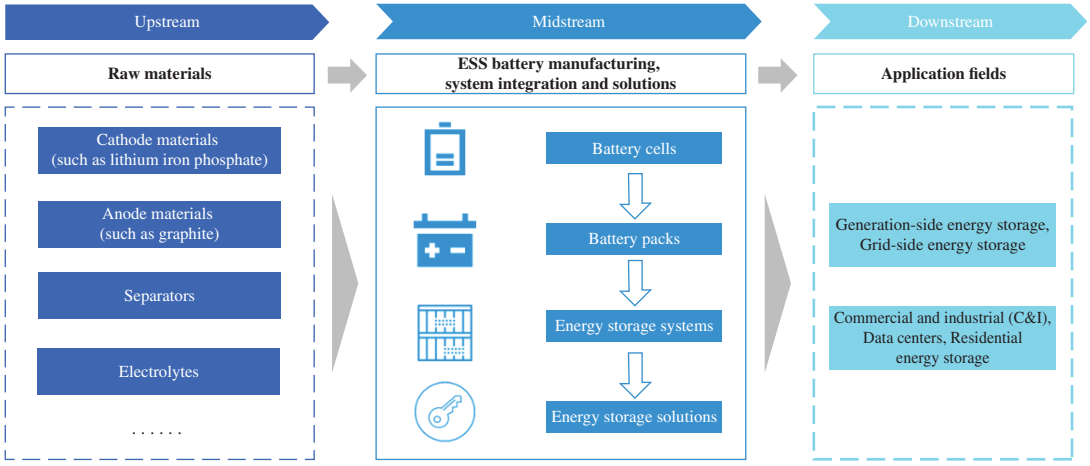
(1) Others include flow battery, lead-acid battery, etc.

OVERVIEW OF THE GLOBAL LITHIUM-ION ENERGY STORAGE INDUSTRY

Analysis of Lithium-ion Energy Storage Value Chain

The lithium-ion energy storage industry chain is divided into three major parts: upstream raw materials, midstream manufacturing and downstream applications. The upstream focuses on core raw materials such as cathodes (mainly lithium iron phosphate), anodes (graphite), separators, electrolytes, etc., and improves battery performance through material modification and electrode design. The midstream covers battery manufacturing and system integration, extending to energy storage solutions. The downstream covers utility energy storage, data center energy storage, and other energy storage scenarios. The diversified energy storage scenarios are driving ESS batteries and systems to iterate toward longer duration, higher safety and greater energy efficiency. With the stabilization of upstream material costs and innovations in downstream business models, midstream enterprises continue to expand their profitability by virtue of continuous product and technology innovation and business models that extend to full life cycle energy storage solutions.

Lithium-ion Energy Storage Industry Chain



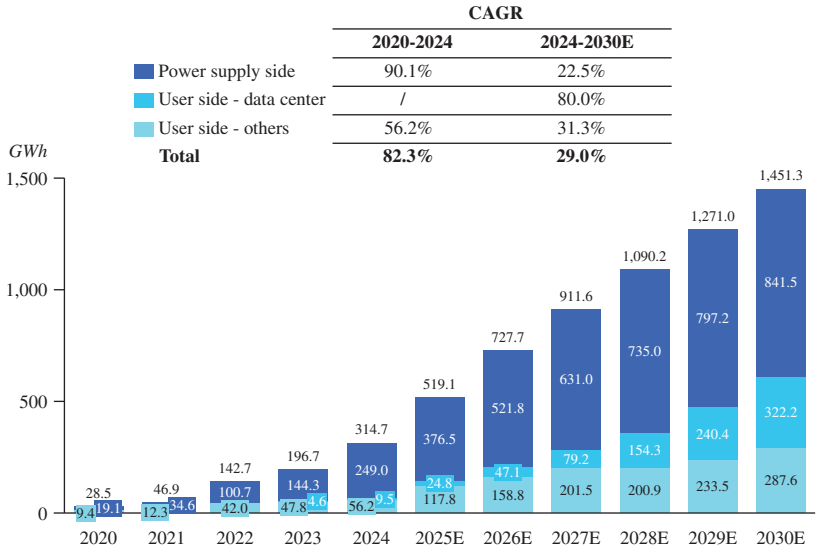
Source: CIC

Overview of the Global Lithium-ion Energy Storage Market

Market Size of Global Lithium-ion Energy Storage Industry

The global shipment volume of lithium-ion ESS batteries increased from 28.5GWh in 2020 to 314.7GWh in 2024. It is expected that the shipment volume of lithium-ion ESS batteries will further increase to 1,451.3GWh by 2030, with a CAGR of 29.0% from 2024 to 2030. The utility energy storage is the largest application scenario in the market. Meanwhile, artificial intelligence is driving the rapid development of data centers. The demand of lithium-ion ESS batteries used in the data centers will increase from 9.5GWh in 2024 to 322.2GWh in 2030, with a CAGR expected to reach 80.0% during the period.

Global Lithium-ion ESS Battery Shipments, by Application Scenarios, 2020-2030E



Source: InfoLink, CIC

Among different regions, China is an important part of the lithium-ion energy storage market, having established a comprehensive industrial chain and mastered the vast majority of the global lithium-ion ESS battery production capacity. The U.S. and Europe, the second and third largest energy storage market, are estimated to play an increasingly important role driven by policy incentives and market demand. On the one hand, Chinese lithium-ion ESS battery enterprises will continue to advance product upgrades toward larger capacities and longer lifetimes in the future, to meet the demand for high-quality ESS products in the market; on the other hand, by establishing globalized R&D and production capacities in the United States, Europe and emerging markets, the localized demand across regions, arisen by the differences in product demand and diverse policy environments, can be addressed.

Demand for LDES is Driving the Development of the Lithium-ion Energy Storage Market

Compared with the long approval and construction cycle of traditional fossil fuel power stations, comprehensive projects of wind and solar power paired with ESS will gradually replace fossil fuel to become the main power generation units deployed in the future by virtue of the advantages of low cost and short construction cycle. It is expected that the proportion of wind and solar power generation will reach 30.0% and 60.0% of total power supply by 2030 and 2050.

With the increasing proportion of renewable energy grid integration, the intermittency and volatility of power supply is further intensified, where its stability is also facing tough challenges. In result of that, the demand for long cycle and inter-day power grid dispatchable resources is increasing, and also driving the rapid development of LDES for 4 hours or longer. In utility energy storage scenario, lithium-ion LDES mitigates "curtailment of wind and solar

power generation" over a long-term cycle, while showing better cost-effectiveness. In 2024, the LCOE of PV+ESS coupling projects utilizing LDES in certain scenarios has been significantly lower than that of traditional fossil fuels. For those scenarios demanding for high reliability power like data centers, LDES could provide high quality and stable power supply. In addition, LDES also acts as a backup power source for data centers in case of extreme weather and emergencies.

By 2030 and 2050, the proportion of lithium-ion ESS batteries used for LDES is expected to reach 40.0% and 75.0%, respectively by then.

Drivers of the Global Lithium-ion Energy Storage Industry

- **Rapidly growing global demand for green power is driving the fast development of lithium-ion energy storage:** As the global energy structure is swiftly shifting towards green and low-carbon development, lithium-ion energy storage technology has become the core element to support the large-scale application of renewable energy by virtue of its millisecond-level response capability, multi-timescale dispatchability and the advantage of continuously declining cost. By mitigating the fluctuation of wind and solar power generation, enhancing the dispatchability of the power grid and empowering the distributed energy, the lithium-ion energy storage is able to effectively address the intermittency and volatility issue of renewable energy. In addition, the continuous breakthrough of lithium-ion energy storage technology in long lifetime and high safety, will provide a key path for realizing global clean power supply and deep decarbonization of energy.

- **Various countries have successively introduced supportive policies to promote the high-quality development of lithium-ion energy storage:** China has recently proposed the Action Plan for the High-Quality Development of the New Energy Storage Manufacturing Industry (《新型儲能製造業高質量發展行動方案》) and the U.S. Department of Energy has also proposed the draft Energy Storage Strategy and Roadmap (《儲能戰略路線圖》), both focusing on the development of electrochemical energy storage, characterized by lithium-ion energy storage, LDES and other technologies, and promoting the further development of energy storage towards higher efficiency, greater cost-effectiveness and enhanced safety. Meanwhile, industrial giants across Europe have jointly established the European Battery Alliance and released the Battery Innovation Roadmap 2030 (《2030電池創新路線圖》), highlighting the advantages of lithium-ion batteries in energy storage area and supporting localized industrial development as well.

- **Rapid development of green and low-carbon data centers increases the demand for lithium-ion energy storage:** By the end of 2030, the load capacity of global data centers will exceed 300GW, and the corresponding power demand will reach 2,600TWh. The power supply combining wind and solar power generation with lithium-ion ESS can satisfy the green and low-carbon, high-quality and stable power demand of data centers globally. In addition, energy storage also acts as a backup power supply for data centers to guarantee their uninterrupted power supply. It is expected that the additional demand for lithium-ion ESS battery in global data centers will exceed 300GWh in 2030.

- **The demand for LDES improves the cost-effectiveness of lithium-ion energy storage:** The demand of LDES continues to grow as the rising proportion of power generated by wind and solar. Driven by technology advancement in lithium-ion batteries, mass production and optimization of supply chain, the cost of lithium-ion LDES system continues to decline, further shortening the payback period. Concurrently, as the power market system gradually matures, the profit models for lithium-ion LDES projects become more diversified, improving the cost-effectiveness and further driving the growth of demand for lithium-ion energy storage.

Development Trends of Global Lithium-ion Energy Storage Industry

- **The continuous advancement of electricity market reform is broadening the profit scenarios for energy storage**: Countries are pushing forward with the electricity market reform. The European countries and the United States have already established relatively mature electricity market mechanisms, allowing energy storage to participate in various market transactions. In recent years, China has also been promoting the establishment of its electricity market, encouraging energy storage, alongside wind and solar power, to participate in frequency regulation, peak shaving, and other services to enhance the stability of the power system. In the future, the profit channels for energy storage will expand from traditional electricity price arbitrage to multiple scenarios including capacity markets, ancillary services, demand-side response, and virtual power plant operations.

- **Lithium-ion ESS are evolving towards longer duration:** The increase in the penetration rate of wind and solar power generation capacity has driven the growth in demand for LDES. The application scenarios have gradually shifted from intra-day to inter-day dispatchability. Lithium-ion energy storage suppliers need to follow the evolving pace of market demand, providing LDES products to meet the downstream demand for effectively mitigating "curtailment of wind and solar power generation" over a long-term cycle and enhancing the balancing capabilities of the grid, while satisfying the contingency power needs during extreme weather or unforeseen circumstances at the same time.

- **Energy storage equipment providers are expanding to full lifecycle energy storage solution providers:** Downstream clients increasingly prefer comprehensive turnkey solutions encompassing design, delivery, operation, and maintenance to maximize efficiency and reduce total cost of ownership. Concurrently, energy storage systems (ESS) have evolved into technologically complex ecosystems requiring seamless integration and optimization of multi-disciplinary technologies. Enterprises offering end-to-end energy storage lifecycle solutions possess deeper technical expertise in ESS product development, enabling superior service delivery and system performance. Furthermore, as market competition intensifies, enterprises with full lifecycle capabilities gain a strategic differentiator, fostering stronger client partnerships through value-added optimization and risk mitigation across project phases.

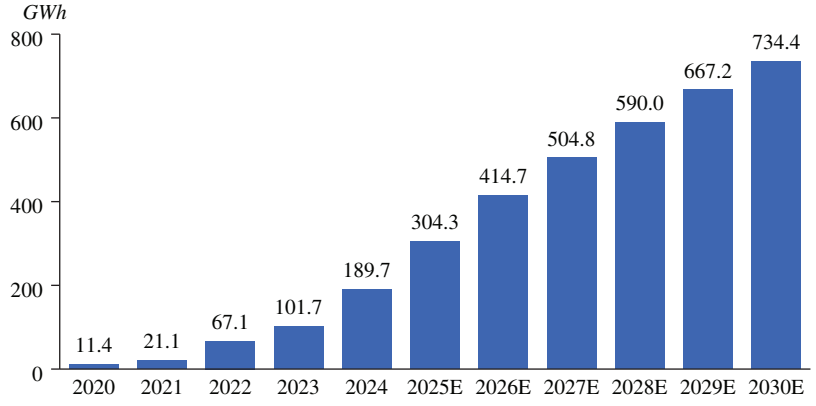
Analysis of Lithium-ion Energy Storage Markets Across Regions

Lithium-ion Energy Storage Market in China

In China, renewable energy, such as wind and solar have experienced rapid growth over the past few years. The traditional grid dispatching methods have struggled to meet the continuous and large-scale grid integration demands of renewable energy. Under such circumstances, lithium-ion energy storage, leveraging its well-established industrial chains, performance advantages and cost-effectiveness, has become a critical component of grid dispatchable resources in China. In April 2024, China National Energy Administration issued the Notice of Promoting the Grid Connection and the Dispatching and Use of New Types of Energy Storage (《關於促進新型儲能併網和調度運用的通知》), regulating the management and dispatch of new-type energy storage grid integration and optimizing the mechanism of ancillary service in power system. This provides adequate policy support for the development of energy storage market and further broadens the profit models. Meanwhile, new-type energy storage has been included in the Government Work Report for two consecutive years in 2024 and 2025, regarded as a strategic engine for China's energy transition.

In 2020, the lithium-ion energy storage market in China was at the early stage of development, and developed rapidly from 2020 to 2024, with the shipment volume of lithium-ion ESS battery increasing from 11.4GWh in 2020 to 189.7GWh in 2024. It is expected that the shipment volume of lithium-ion ESS batteries in China will further increase to 734.4GWh by 2030, with a CAGR of 25.3% from 2024 to 2030. China will remain the most significant market for global lithium-ion energy storage demand by 2030, with share of global ESS battery demand consistently remaining over 50% from 2024 to 2030.

Lithium-ion ESS Battery Shipments in China, 2020-2030E



Source: CNESA, InfoLink, CIC

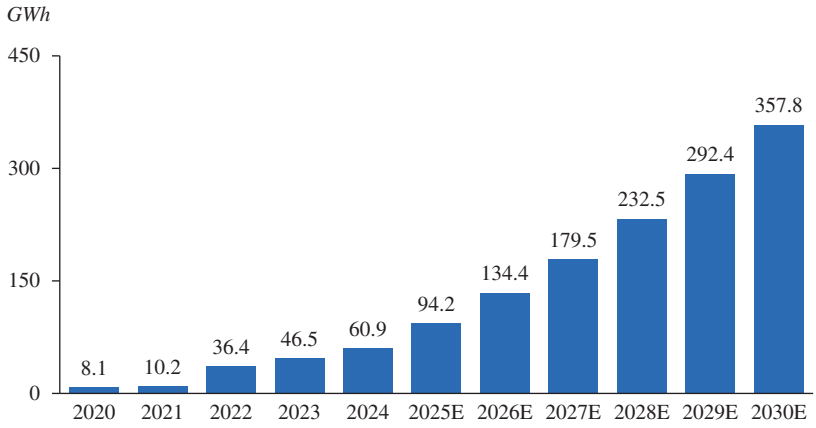
Lithium-ion Energy Storage Market in the U.S.

Due to the relatively early investment in power grid construction in the U.S., the aging problem of grid is increasingly prominent, where also faces challenges of insufficient capacity and flexibility during the process of energy transition. The electricity anomalies, such as energy shortage and winter blackouts, may easily occur under the circumstances of natural disasters and extreme weather conditions. Lithium-ion energy storage can help the power system operate stably at relatively low cost with flexible and efficient deployment. In addition, the electricity industry in the U.S. is highly marketized. The energy storage projects can achieve profitability through various channels, such as energy management, electricity spot trading and auxiliary services, forming a stronger economic driving force. Leveraging its ability to mitigate the fluctuations of renewable energy power generation and the cost-effectiveness of participating in the electricity market to obtain diversified revenues, LDES has gained application in the United States, being a pioneer in the world. California took the lead in deploying the world's first 8-hour lithium-ion ESS project (Tumbleweed), which is expected to be put into operation in 2026.

The introduction of relevant incentive policies also promotes the rapid development of the lithium-ion energy storage industry in the U.S. In 2020, the U.S. Department of Energy launched the first comprehensive energy storage strategy, the "Energy Storage Grand Challenge Roadmap," which calls for creating and sustaining the global leadership in energy storage application by 2030. Meanwhile, the strategy issued favorable policies including tax preference and fiscal subsidies to attract the local and international enterprises to establish lithium-ion energy storage production lines in the U.S.

In summary, the lithium-ion energy storage market in the U.S. is featured with robust demand, favorable cost-effectiveness, and strong policy support. The shipment volume of lithium-ion ESS batteries in the U.S. increased from 8.1GWh in 2020 to 60.9GWh in 2024, and is expected to further increase to 357.8GWh in 2030, with a CAGR of 34.3% from 2024 to 2030. In the future, as the policy landscape evolves and market competition intensifies, the core demands of customers will also shift. Enterprises with localized production capacity and services for lithium-ion energy storage in the United States will be best-positioned.

Lithium-ion ESS Batteries Shipments in U.S., 2020-2030E



Source: BNEF, InfoLink, CIC

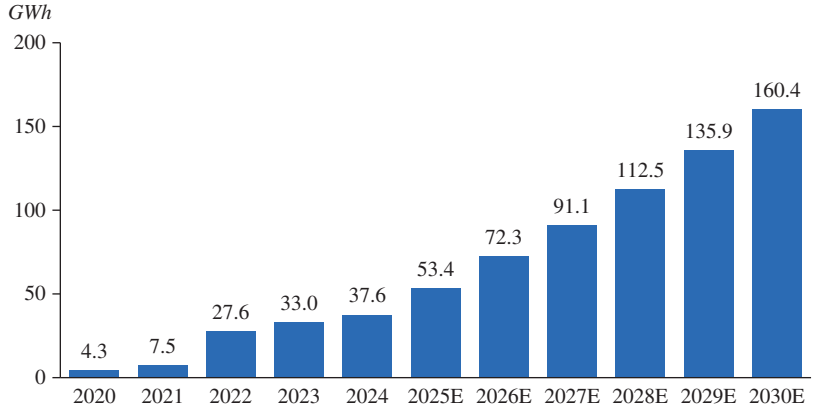
Lithium-ion Energy Storage Market in Europe

The European Union's "Fit for fifty-five" carbon emission reduction package is a key measure to achieve the goal of reducing at least 55% emissions by 2030 and accelerate energy transition. Meanwhile, energy security concerns have prompted European countries to reduce their dependence on traditional fossil fuels. Wind and solar power generation has surpassed nuclear power in the aspect of cost-effectiveness and safety, establishing themselves as the dominant sources of power generation in Europe in the future. However, deficiencies of overall European grid's transmission capacity and volatility of renewable energy power generation remains one of the bottlenecks of the transition. Characterized by its advantages of low cost and high flexibility, lithium-ion energy storage has become an important solution to address the need for grid dispatchability in various regions across Europe.

The Continental Europe, represented by Germany, has strong needs for economic and mature energy storage solutions. The lithium-ion energy storage, driven by the market, develops at a steady pace; the Northwest Europe, represented by the U.K., has a small-scale grid system. The lithium-ion energy storage can efficiently and economically meet the demand of the grid for dispatchable resources, becoming the first choice among various energy storage solutions. The Northwest Europe has begun to explore the energy storage solutions for longer duration; and the Eastern Europe, represented by Poland, which is in a proactive pace of energy transition, needs for the adjustment resources such as lithium-ion energy storage to be deeply involved in grid dispatching. Relevant policies such as long-term capacity contracts and subsidies also drive the rapid growth of lithium-ion energy storage; in Southern European market, represented by Italy, has an outstanding demand for LDES due to its abundant renewable resources and strong policy support. The MACSE bidding mechanism promotes the development of large-scale ESS projects.

From 2020 to 2024, the shipment volume of lithium-ion ESS batteries in Europe increased from 4.3GWh to 37.6GWh. With the in-depth reform of the capacity mechanism and the launch of related favourable policies in various regions of Europe, the shipment volume of lithium-ion ESS batteries in Europe is expected to reach 160.4GWh in 2030, with a CAGR of 27.3% from 2024 to 2030.

Lithium-ion ESS Battery Shipments in Europe, 2020-2030E



Source: BNEF, InfoLink, CIC

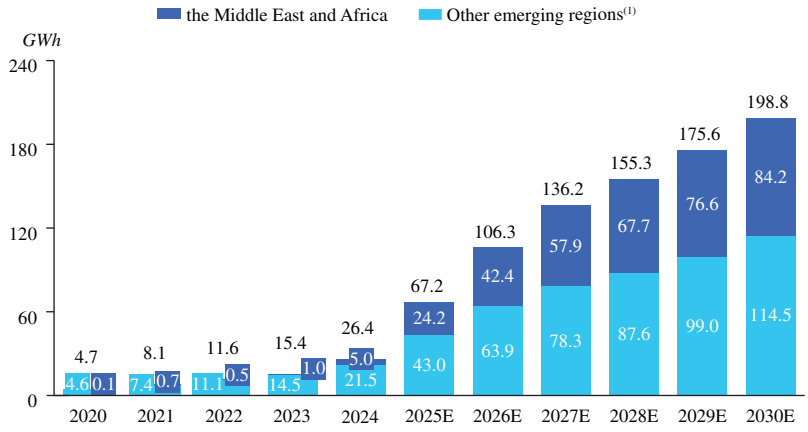
Lithium-ion Energy Storage Market in Emerging Regions

In addition to China, the United States and Europe, the lithium-ion energy storage in emerging regions is also in a stage of rapid development. The relatively sparse transmission lines and the underdevelopment of power grid infrastructure are common in most emerging regions, in urgent need for dispatchable resources to ensure the stable operation of the power grid. Leveraged by its cost-effectiveness, the demand of lithium-ion energy storage has experienced rapid growth. Moreover, driven by the global artificial intelligence wave, many technology companies are building data centers in emerging regions, which has rapidly promoted the development of the local lithium-ion energy storage market. The shipment volume of lithium-ion ESS batteries in emerging regions is expected to increase from 26.4GWh in 2024 to 198.8GWh in 2030, and the CAGR from 2024 to 2030 will reach 40.0%.

The market condition within emerging regions vary significantly. In order to reduce the economic reliance on a single petroleum industry, the Middle East and Africa, obtaining abundant resources, are vigorously developing renewable energy and gradually leading the reduction of oil subsidies. The shipment volume of lithium-ion ESS batteries in the Middle East and Africa is expected to reach 84.2GWh by 2030. Australia, with its rich lithium resources and active promotion of renewable energy, has become an important participant in the global energy storage market. It has achieved remarkable success in energy storage projects in both utility energy storage and other scenarios. The shipment volume of lithium-ion ESS batteries in Australia is expected to reach 8.2GWh by 2030. Chile, leveraging its advantages

in lithium resources and its emphasis on renewable energy, has demonstrated a unique development path in the application fields of utility energy storage scenario and the mining industry. The shipment volume of lithium-ion ESS batteries in Chile is expected to reach 5.8GWh by 2030.

Lithium-ion ESS Battery Shipments in Emerging Regions, by Region, 2020-2030E



Source: BNEF, InfoLink, CIC

Note:

(1) Other emerging regions include all other regions except China, the United States, Europe, the Middle East and Africa.

Cost and Price Analysis of the Lithium-ion Energy Storage Industry

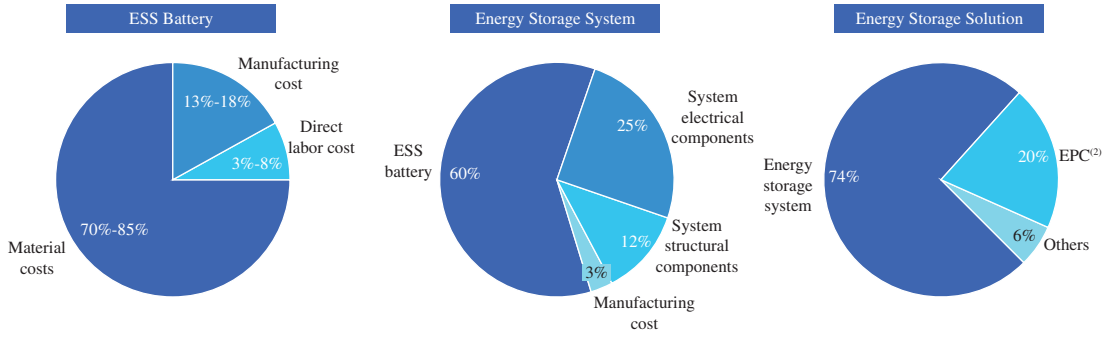
Cost of the Lithium-ion Energy Storage Industry

The lithium-ion ESS battery is primarily composed of a cathode, anode, electrolyte, and separator. Within the cost structure of the lithium-ion ESS battery, material costs account for approximately 70%-85% of the battery cost, with the cost of cathode materials representing the largest portion of the battery cost.

As a key component, ESS batteries account for approximately 60% of the total cost of the energy storage system. In addition, system electrical components and system structural components of the energy storage system account for approximately 25% and 12% of the cost, respectively.

The cost of the energy storage solutions consists mainly of energy storage systems and related services, of which the cost of the energy storage system represents the core component, accounting for approximately 74% of the cost, followed by the EPC at approximately 20%. The remaining costs mainly include operations and maintenance services, etc.

Cost Structure of Lithium-ion ESS Battery, Energy Storage System and Energy Storage Solution[(1)]



Source: CNESA, CIC

Notes:

(1) Taking 314Ah lithium-ion ESS battery and 5MWh lithium-ion energy storage system as examples, which are the two most common products on the market

(2) The approximate range is provided herein as the proportion of EPC varies across different regions and projects

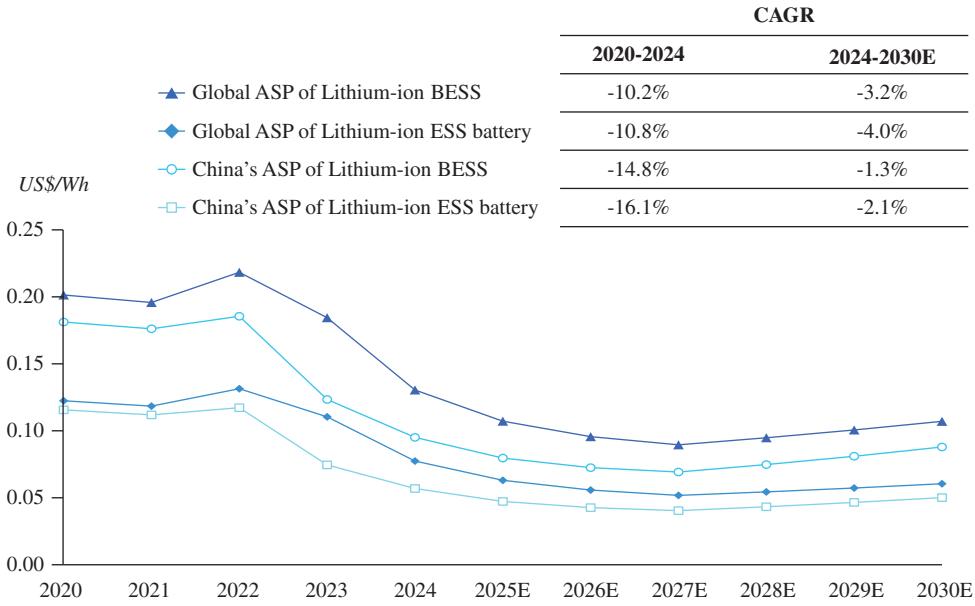
Prices for Lithium-ion Energy Storage System and its Raw Materials

Since 2023, the price of the major raw material, lithium carbonate, has significantly decreased, and the unit costs have been further reduced due to the expansion of lithium-ion ESS battery production scale, which has jointly driven a significant decrease in the prices of lithium-ion energy storage systems and lithium-ion ESS batteries.

The price of lithium-ion ESS batteries decreased from US$0.11/Wh in 2023 to US$0.08/Wh in 2024, and is expected to further decrease to US$0.06/Wh in 2030. With the decline in the price of lithium-ion ESS batteries and lithium-ion energy storage systems, their cost-effectiveness has improved significantly, which will further promote the growth of installed capacity. In the future, enterprises with solid technical advantages and continuous innovation will maintain a leading position in the competition to achieve long-term development.

The price of lithium-ion energy storage system decreased from US$0.19/Wh in 2023 to US$0.13/Wh in 2024, and will reach to the lowest in 2027. As the backward production capacity of lithium-ion energy storage is phased out then due to the continuous iterations of products and the shift of the downstream demand, the price of lithium-ion energy storage system is expected to rebound to US$0.11/Wh in 2023.

Price Trend of Global and China's Lithium-ion Energy Storage System and ESS Battery, 2020-2030E



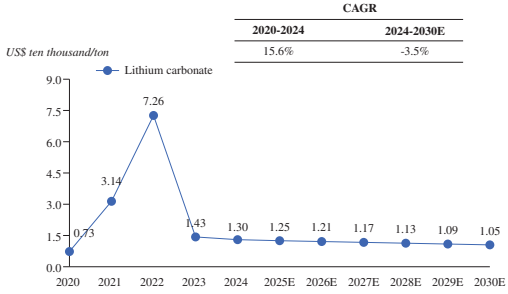
	CAGR	
	2020-2024	2024-2030E
Global ASP of Lithium-ion BESS	-10.2%	-3.2%
Global ASP of Lithium-ion ESS battery	-10.8%	-4.0%
China's ASP of Lithium-ion BESS	-14.8%	-1.3%
China's ASP of Lithium-ion ESS battery	-16.1%	-2.1%

Source: BNEF, CIC

The price of raw materials for lithium-ion ESS batteries, represented by lithium carbonate and graphite, experienced a sharp rise from 2020 to 2022, and then gradually returned to a reasonable level in 2023. The current price tends to be stable.

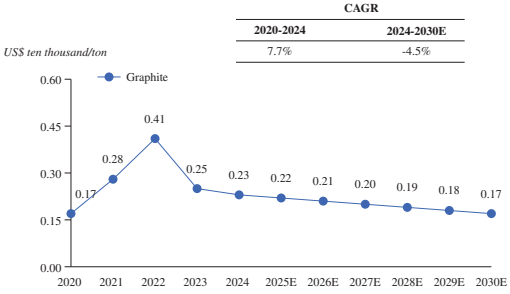
Between 2022 and 2024, the price of lithium carbonate declined from US$72,600/ton to US$13,000/ton, and the price of graphite decreased from US$4,100/ton to US$2,300/ton. It is expected that the price of lithium carbonate and graphite will reach US$10,500/ton and US$1,700/ton by 2030, respectively.

Global Lithium Carbonate Price Trend, 2020-2030E



Source: CIC

Global Graphite Price Trend, 2020-2030E



Source: CIC

OVERVIEW OF COMPETITION IN THE GLOBAL LITHIUM-ION ENERGY STORAGE INDUSTRY

Competition Landscape and Ranking Analysis of the Global Energy Storage Industry

Players in the global energy storage industry can be mainly divided into three categories: ESS battery manufacturers, energy storage system integrators and integrated energy management service providers. Among them, ESS battery manufacturers mainly provide energy storage batteries to the market; energy storage system integrators provide complete sets of energy storage systems; and integrated energy management service providers can provide a full range and full process of services from ESS batteries, energy storage systems to energy storage solutions.

The global energy storage industry has a high market concentration, and industry competition continues to intensify. In terms of lithium-ion ESS battery shipments, the market share of the top five ESS battery companies reached 74% in 2024.

As integrated energy management service provider, the Company provides comprehensive energy solutions centered around ESS batteries and systems. In terms of lithium-ion ESS battery shipments, the Company ranked third in the global energy storage market in 2024, with a market share of 11%. In 2024, the lithium-ion ESS battery shipment accounted for over 90% of the total ESS battery shipment. The Company ranked third in the global ESS battery companies as well, with a market share of 10.7% in terms of global ESS battery shipments.

Market Share of Global Top Five ESS Battery Companies by Lithium-ion ESS Battery Shipments in 2024

Rank	Company Name	Company Introduction	Market Share	280Ah Lithium-ion ESS battery	314Ah Lithium-ion ESS battery
1	CATL	• A listed company founded in 2011 and headquartered in Fujian Province, China. It mainly offers lithium-ion EV battery and ESS battery products.	35%	√	√
2	EVE	• A listed company founded in 2001 and headquartered in Guangdong Province, China. It mainly offers consumer batteries, EV batteries and ESS batteries.	13%	√	√
3	**The Company**	• Founded in 2019 and headquartered in Fujian Province, China. It is a globally leading new energy technology company driven by innovation, dedicated to providing comprehensive energy solutions centered around ESS batteries and systems.	**11%**	√	√
4	BYD Energy Storage	• A listed company founded in 1995 and headquartered in Guangdong Province, China. It is a new energy company, which also offers consumer batteries, EV batteries and ESS batteries.	9%	√	√
5	REPT BATTERO	• A listed company founded in 2017 and headquartered in Zhejiang Province, China. It mainly offers lithium-ion EV battery products and ESS battery products.	6%	√	√
Top five companies in total			74%		
Total			100%		

Source: SNE Research, Expert interviews, CIC

Note: 280Ah and 314Ah lithium-ion ESS battery are the representatives of first and second generation products in the industry.

Among ESS battery companies, the Company is a leading pure-layer, which can quickly respond to the shift of the market demand and launch forward-looking products.

Comparative Analysis of Pure-play Model and Non-pure-play Model, 2024

Category	Pure-play Model	Non-pure-play Model
Technology Expertise	◕	◑
Market Insights and Responsiveness	◕	◑
Solution Coverage in Energy Storage	◕	◑
Economies of Scale and Synergies	◑	◕

Source: CIC

Note:

(1) ◔→● indicates the relevant indicators from low to high.

Entry Barriers in the Global Energy Storage Industry

- **Technology barriers:** The essence of energy storage system is the ESS battery technology, the performance of which is highly dependent on the matching of electrochemical materials and precise design. In particular, since ESS batteries are evolving to larger capacity and systems are evolving to longer duration, higher requirements are imposed on aspects such as energy efficiency, cycle life and safety of batteries. For new entrants, breakthroughs in core technologies require substantial capital investment, robust R&D capabilities, and accumulation of large-scale manufacturing experience.

- **Scale and capital barriers:** The energy storage industry demonstrates significant economies of scale. A large amount of R&D investment and production lines capital expenditure are needed from R&D to mass production. Only enterprises with a large production scale and sufficient capital can spread the capital investment at the early stage and achieve the advantages of scale.

- **Customer relationship barriers:** Energy storage power stations require reliable performance and safety of ESS batteries over decades of operation, so customers prefer to choose ESS battery and energy storage system suppliers with strong technical capabilities, stable cooperative relationships and large-scale delivery capabilities. New entrants are less well-known and struggle to establish long-term and stable customer relationships in a short period of time.

- **Supply chain management barriers:** Raw material costs account for a large portion of the total cost of ESS batteries. Therefore, obtaining stable, cost-effective raw materials has become one of the core competitive advantages of energy storage companies.

Key Success Factors for the Global Energy Storage Industry

- **Continuous technological R&D and innovation capability:** Continuous technological R&D enables enterprises to stay aligned with the technological development trend of the global energy storage, leading to the launch of scenario-based energy storage solutions focused on ESS batteries and energy storage systems. As the iteration cycle of energy storage technologies and products continues to shorten, companies need to accelerate the pace of innovation to respond to rapidly changing market demand. At the same time, emerging application scenarios such as data centers continue to arise, requiring companies to continuously launch new products to meet the needs of diverse energy storage scenarios.

- **Localization capability around the world:** To capitalize the development opportunities in the global energy storage market, enterprises must establish marketing and business networks in each target market, expanding their global influence. Additionally, they should build a localized global professional and technical team to ensure that their technologies and services can meet local market demands. In addition, enterprises form an international procurement team and actively develop a localized supplier network, which will help optimize supply chain management and reduce costs.

- **Rapid response capability to customer demand:** Enterprises are required to have sharp market insights and agile product development capabilities. By understanding the regional market demands and launching high-performance and high-reliability ESS products, it can quickly respond to customer demand. It will help enterprises to establish a trusted brand image globally and ultimately transform it into a competitive market advantage.

- **Intelligent manufacturing and production control capabilities:** Intelligent manufacturing and production control run through all links of the product life cycle, which directly determine the performance, costs and market competitiveness of ESS products. In the entire product life cycle from material selection, production process, system design, manufacturing efficiency to recovery of residual value, companies can improve production efficiency and reduce manufacturing costs through intelligent manufacturing, optimization of production processes, refinement of production management, etc., thereby providing customers with more cost-effective and competitive energy storage solutions.

- **Brand influence:** Service providers with brand advantages often have significant advantages in the accumulation of project experience, enabling them to continuously and effectively empower and iterate their products. They can not only keep up with changes in market demand and make timely adjustments and optimization on strategies, but also launch products and services that better meet customer needs through data-driven innovation, winning the trust and support of customers.

Source of Information and Reliability

We have commissioned CIC to conduct an analysis and report on the global energy storage market. CIC is a market research and consulting firm established in Hong Kong, engaged in providing professional consulting services across various industries. We have agreed to pay CIC a fee of RMB0.5 million for the preparation of the CIC Report. We have extracted certain information from the CIC Report in this section, as well as from the sections of "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this Document, so as to enable potential [**REDACTED**] to have a more comprehensive understanding of the industry in which we operate. Unless otherwise specified, all data and forecasts contained in this section are sourced from the CIC Report.

The information and data collected by CIC have been analyzed, evaluated and verified using CIC's internal analysis models and techniques. Primary research is conducted through interviews with key industry experts and leading industry participants. Secondary research involves analyzing data from various public data sources such as the National Bureau of Statistics of China and various industry associations.

The market forecasts in the CIC Report are made based on the following key assumptions: (1) in the forecast period, the overall social, economic and political environment globally and in China is expected to remain stable; (2) in the forecast period, relevant key industry drivers are likely to continue to drive the growth of the energy storage market, such as technological advancements, supportive policies, and the increasing downstream demand; and (3) in the forecast period, there will be no extreme force majeure events or unforeseeable industry regulations that could have a drastic or fundamental impact on the market.

REGULATORY OVERVIEW

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Principal Regulatory Authorities

We are principally engaged in the research and development, production and sale of energy storage batteries and systems. In addition to being subject to the supervision and management of the competent authorities that generally regulate companies in the PRC, our production and business activities in the PRC are mainly regulated by the National Development and Reform Commission of the People's Republic of China (the "**NDRC**") and the Ministry of Industry and Information Technology of the People's Republic of China (the "**MIIT**") and the National Energy Administration.

The NDRC is the department with overall responsibility for the guidelines, policies, and decision-making arrangements regarding development and reform. Its main responsibilities include: formulating and organizing the implementation of strategies on national economic and social development, medium and long-term plans, and annual plans; monitoring, forecasting, and warning of macroeconomic and social development trends, and proposing recommendations on macro-control policies; taking responsibility for planning major construction projects and the layout of productive forces, setting the overall scale of fixed asset investment in the whole society and structural adjustment targets and policies; and organizing the formulation of comprehensive industrial policies, etc.

The MIIT is the department responsible for industrial and information technology management. Its main responsibilities include: proposing new industrialization development strategies and policies; formulating and organizing the implementation of industry plans, programs and industrial policies for the industrial and communications industries, drafting relevant laws and regulations, formulating rules, formulating industry technical specifications and standards and organizing their implementation, and guiding industry quality management work, etc.

The National Energy Administration is the department responsible for energy development management. Its main responsibilities include: drafting regulations on energy development and related supervision and management, formulating energy development strategies, plans and policies, coordinating major issues concerning the process of energy development and reform, etc.

Industrial Policies

According to the Catalogue for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC on December 2, 2005, which was last amended on December 27, 2023, and came into effect on February 1, 2024, new lithium primary batteries (including lithium-iron disulfide (Li-FeS2) batteries and lithium thionyl

chloride (Li-SOCl2) batteries among others), lithium-ion batteries, semi- and all-solid-state lithium batteries, fuel cells, sodium-ion batteries, flow batteries, sealed lead-acid batteries with new structures (including bipolar, lead mesh horizontal, coiled and tubular, and other), lead-carbon batteries; and supercapacitors fall into the state-encouraged industries.

According to the Guiding Opinions on Accelerating the Development of New Energy Storage (《關於加快推動新型儲能發展的指導意見》), which were jointly promulgated by the NDRC and the National Energy Administration on July 15, 2021 and came into effect on the same date, the PRC will strive to build a clean, low-carbon, safe and efficient energy system, and drive down the cost and advance the commercial-scale application of more mature new energy storage technologies such as lithium-ion batteries, in an effort to achieve carbon peak and carbon neutrality. By 2025, the transformation from the initial stage of commercialization to large-scale development of new energy storage shall be achieved, and the installed capacity shall reach more than 30 million kilowatts. The full market-oriented development of new energy storage shall be realized by 2030. The core technologies and equipment of new energy storage shall be independent and controllable, and the installed capacity shall basically meet the corresponding needs of the new power system.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) promulgated by the State Council on October 24, 2021 and implemented on the same date, in terms of green and low-carbon energy transformation, the construction of a new power system will be accelerated, and "new energy + energy storage" model, source-grid-load-storage integration and multi-energy complementarity will be actively developed. Support will be given to the rational configuration of distributed new energy storage systems. By 2025, the installed capacity of new energy storage will reach more than 30 million kilowatts. In terms of energy conservation, carbon reduction and efficiency improvement, it will optimize the energy consumption mix in new types of infrastructure by employing models including direct current electricity, distributed energy storage, and "solar + storage," explore diversified energy supply, and increase the proportion of non-fossil energy consumption; it will improve the level of electrification of building terminals, and build the PEDF (Photovoltaic, Energy storage, Direct current, Flexibility) buildings that integrate photovoltaic power generation, energy storage, DC power distribution, and flexible electricity use.

According to the "14th Five-Year Plan" for Scientific and Technological Innovation in the Energy Field (《"十四五"能源領域科技創新規劃》) jointly issued by the National Energy Administration and the Ministry of Science and Technology on November 29, 2021, it will accelerate the research and development of strategic and forward-looking core grid technologies, support the construction of an advanced power grid that is adaptable to large-scale renewable energy and distributed power generation, has two-way interaction between sources, grids and loads, and is intelligent and efficient; it will break through key technologies and core equipment for energy storage and system integration, such as energy-type and power-type energy storage, to meet the development needs of energy storage in different application scenarios of energy systems.

According to the Implementation Plan for the New Energy Storage Development During China's "14th Five-Year Plan" Period (《"十四五"新型儲能發展實施方案》) jointly promulgated by the NDRC and the National Energy Administration on January 29, 2022, by 2025, new energy storage will expand from the initial stage of commercialization to the stage of scale development and be ready for large-scale commercial application. By 2030, new energy storage will be developed on a fully market-oriented basis, and diversified technology development will be promoted, such as the optimization design and research of key core technologies, equipment and integration, such as sodium-ion batteries, new lithium-ion batteries, lead-carbon batteries, liquid flow batteries, compressed air, hydrogen (ammonia) energy storage and heat (cold) energy storage and so on, the intensive tackling of energy storage technologies such as superconductors and supercapacitors, and the development and research on a new generation of high-energy-density energy storage technologies such as liquid metal batteries, solid lithium-ion batteries and metal-air batteries.

According to the "14th Five-Year Plan" for Modern Energy System (《"十四五"現代能源體系規劃》) jointly issued by the NDRC and the National Energy Administration on January 29, 2022, it will accelerate the large-scale application of new energy storage technologies. It will vigorously promote the development of energy storage on the power supply side, rationally allocate energy storage scale, improve the output characteristics of new energy sites, and support the rational configuration of energy storage systems for distributed new energy. It will optimize the layout of grid-side energy storage and give full play to the multiple roles of energy storage in absorbing new energy, shaving peaks and filling valleys, enhancing grid stability and emergency power supply. It will actively support the diversified development of user-side energy storage, improve user power supply reliability, and encourage user-side energy storage such as electric vehicles and uninterruptible power supplies to participate in system peak and frequency regulation. It will broaden the application scenarios of energy storage, promote the diversified application of technologies such as electrochemical energy storage, cascade power station energy storage, compressed air energy storage, and flywheel energy storage, and explore new models and new business forms such as energy storage aggregation and shared utilization.

According to the Implementation Plan for Promoting High-Quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》) promulgated by the NDRC and the National Energy Administration on May 14, 2022 and implemented on the same date, it will improve the peak-shaving and frequency-regulating power supply compensation mechanism, increase efforts to improve the flexibility transformation of coal-fired power units, expand hydropower, pumped storage and solar thermal power generation projects, and promote the rapid development of new energy storage. It will study energy storage cost recovery mechanisms. It will encourage Western China and other areas with good sunlight conditions to use solar thermal power generation as a peak-shaving power source. It will further tap the demand response potential and improve regulation capability for new energy on the load-side.

According to the Implementation Plan for Science and Technology Support for Carbon Dioxide Peaking and Carbon Neutrality (2022-2030) (《科技支撐碳達峰碳中和實施方案(2022-2030年)》) promulgated by nine ministries and commissions including the Ministry of Science and Technology on June 24, 2022 and implemented on the same date, launching research and development of efficient energy storage technologies, including compressed air energy storage, flywheel storage, liquid- and solid-state lithium-ion battery energy storage, sodium-ion battery storage and fluid-flow battery storage; and launching research and development of new types of energy storage application technologies, such as large-scale energy storage in cascade power stations, as well as related energy storage safety technologies.

According to the Action Plan for Carbon Dioxide Peaking in Industrial Sectors (《工業領域碳達峰實施方案》) promulgated by the MIIT, the NDRC and the Ministry of Environment and Ecology on July 7, 2022 and implemented on the same date, increasing the supply of green and low-carbon products in the energy production sector. Strengthening the coordination and planning for the high-quality development of the energy electronics industry, and promoting the collaborative innovation of PV, new types of energy storage, key terminal applications, and key information technology products. Implementing the action plan for developing an intelligent PV industry and conducting pilot demonstrations to accelerate the upgrade of basic materials and key equipment.

According to the Opinions on Further Improving the Policy Environment and Increasing Support for the Development of Private Investment (《關於進一步完善政策環境加大力度支持民間投資發展的意見》) issued by the NDRC on October 28, 2022 and implemented on the same date, encouraging private enterprises to increase the investment in solar power generation, wind power, biomass power generation, energy storage and other energy conservation and carbon reduction fields.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》) jointly issued by six ministries and commissions including the MIIT on January 3, 2023 and implemented on the same date, energy electronics industry refers to the electronic information technology and products that are used to produce, serve, and apply energy, mainly including new types of energy storage batteries and other fields, the guiding opinions proposed that one of the development goals is to develop safe and economical new types of energy storage batteries, which is to strengthen technological breakthroughs in the industrialization of new types of energy storage batteries, and to promote the large-scale application of advanced energy storage technologies and products.

According to the Guiding Opinions on Strengthening the Stability of Power Systems under the New Situation (《關於加強新形勢下電力系統穩定工作的指導意見》) issued by the NDRC and the National Energy Administration on September 21, 2023 and implemented on the same date, scientifically planning and allocating energy storage based on demand, actively promoting the construction of new types of energy storage, giving full play to the advantages of electrochemical energy storage, compressed air energy storage, flywheel energy storage,

hydrogen energy storage, thermal (cold) energy storage and various new types of energy storage, combining with the application scenarios to build a diversified and integrated development model of energy storage, and enhancing the level of safety and security and comprehensive efficiency.

According to the Notice of Promoting the Grid Connection and the Dispatching and Use of New Types of Energy Storage (《關於促進新型儲能併網和調度運用的通知》) issued by the National Energy Administration on April 2, 2024 and implemented on the same date, regulating the management of grid connection and access of new types of energy storage, optimizing the dispatch and operation mechanism, giving full play to the role of new types of energy storage, and supporting the construction of new types of power system.

According to the 2024-2025 Energy Conservation and Carbon Reduction Action Plan (《2024-2025年節能降碳行動方案》) promulgated by the State Council on May 23, 2024 and implemented on the same date, by the end of 2025, the installed capacity of pumped storage and new types of energy storage will exceed 62 million kW and 40 million kW, respectively. Implementing the coal-fired power capacity pricing, deepening the market-oriented reform of new energy on-grid pricing, and researching and improving the price mechanism for energy storage.

The Notice on Deepening the Market-oriented Reform of New Energy Feed-in Tariff to Promote High-quality Development of New Energy (《關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》), issued and implemented on January 27, 2025, by the National Development and Reform Commission and the National Energy Administration, underscores a commitment to market-oriented reform. It mandates the full integration of new energy feed-in tariff into the electricity market, allowing prices to be determined through market transactions. The notice further emphasizes a coordinated approach, leveraging industry management, pricing mechanisms, and green energy consumption policies to enhance synergy. It also calls for continuous improvements to the electricity market framework, deepening the market-oriented reform of new energy feed-in tariff, and accelerating the high-quality development of the new energy sector.

According to the Action Plan for High-Quality Development of New Energy Storage Manufacturing Industry (《新型儲能製造業高質量發展行動方案》) promulgated by eight ministries and commissions including the Ministry of Industry and Information Technology on February 10, 2025 and implemented on the same date, new energy storage manufacturing industry is comprehensively deployed and promoted towards high-quality development, injecting strong momentum into the construction of the modern industrial system and energy transformation and upgrading. The plan also highlights that by 2027, China's new energy storage manufacturing industry will demonstrate distinct international competitive advantages across the entire chain, with a further expansion of leading enterprise echelons. Moreover, the industry's capacity for innovation and overall competitiveness will see substantial improvement, achieving high-end, intelligent, and sustainable development.

According to the Opinions on Improving the Price Governance Mechanism promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on and effective from April 2, 2025, the market-based formation of electric energy prices, capacity prices, and ancillary service prices shall be promoted in a prudent and orderly manner. The multi-tiered electricity market system shall be improved, and transaction rules and technical standards shall be refined. The development of medium- and long-term electricity markets, spot markets, and ancillary services markets shall be advanced. A diversified market participant base shall be cultivated. Price mechanisms for regulating resources such as natural gas power generation and energy storage shall be established and perfected to better support the construction of a new type of power system.

According to the Special Action Plan for Large-Scale Construction of New Energy Storage (2025-2027) issued by the NDRC and the National Energy Administration on and effective from September 12, 2025, by 2027, China's new energy storage will have fundamentally achieved large-scale and market-oriented development, the technological innovation capabilities and equipment manufacturing capacity will maintain a leading global position, and the installed capacity of new energy storage nationwide will reach over 180 million kilowatts, driving direct project investments of approximately RMB250 billion.

According to the Work Plan for Stable Growth in the Power Equipment Industry (2025-2026) jointly issued by three ministries and commissions including the Ministry of Industry and Information Technology on and effective from September 12, 2025, the main objectives for 2025-2026 are as follows: the average annual revenue growth rate of traditional power equipment will be maintained at around 6%, while revenue from new energy equipment will see steady growth; the output of power generation equipment will remain within a reasonable range, ensuring an effective supply. The export volume of new energy equipment is expected to increase; the driving role of key regions and enterprises will be strengthened. The average annual revenue of national advanced manufacturing clusters in the power equipment sector will grow by approximately 7%, and that of leading enterprises will rise by around 10%; breakthroughs and widespread application of a number of benchmark equipment will be promoted. Furthermore, the plan emphasizes leveraging bilateral and multilateral cooperation mechanisms to deepen cooperation with emerging market countries across the entire value chain of wind power, photovoltaics, and energy storage, guide enterprises to conduct overseas deployment in a rational and orderly way, enhance product quality, and build a strong brand image in power equipment.

Regulations on Foreign Investment

The operations in China by foreign-invested companies are principally governed by the Company Law of the PRC (《中華人民共和國公司法》), the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) and the Regulations for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), and their specific

investment activities are subject to the relevant provisions of the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) and the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》).

According to the Company Law of the PRC (hereinafter referred to as the "**Company Law**"), which was adopted by the Standing Committee of the National People's Congress (hereinafter referred to as the "**SCNPC**") on December 29, 1993 and implemented on July 1, 1994, and last revised on December 29, 2023, and came into effect on July 1, 2024, companies established in the PRC may take form of company of limited liability or company limited by shares, and each company has the status of a legal person. The Company Law also applies to foreign-invested companies, where laws on foreign investment have other stipulations, such stipulations shall prevail.

According to the Foreign Investment Law of the PRC, which was adopted by the National People's Congress (hereinafter referred to as the "**NPC**") on March 15, 2019 and took effect on January 1, 2020, the Regulations for Implementing the Foreign Investment Law of the PRC, which was promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020, and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》), which was adopted by the Supreme People's Court on December 26, 2019 and took effect on January 1, 2020, the PRC shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments except for foreign investment in restricted or prohibited fields or industries; the Negative List refers to special administrative measures for access of foreign investment in specific areas or industries, including restricted or prohibited areas or industries. The PRC accords national treatment to foreign investment outside of the Negative List. Foreign investors shall not invest in areas that are prohibited in the Negative List. Foreign investors shall meet the conditions stipulated in the Negative List in order to invest in the areas that are categorized by the Negative List as a restricted category. Foreign investors shall follow the same principle as domestic investors in order to invest in areas that are not on the Negative List.

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (hereinafter referred to as the "2024 Negative List"), which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and took effect on November 1, 2024, and the Catalogue of Industries for Encouraging Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》), which was jointly promulgated by the MOFCOM and the NDRC on October 26, 2022 and took effect on January 1, 2023, foreign investments in domestic industries are divided into three categories: encouraged, restricted, and prohibited. Industries not listed in the Negative List are deemed permitted for foreign investments. The industry in which we operate is not included in the 2024 Negative List.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and took effect on January 1, 2020, the PRC established a foreign investment information reporting system. Foreign Investors or foreign-invested enterprises shall submit investment information in a timely manner. Reports must be truthful, accurate, and complete, avoiding false or misleading information and major omissions.

Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "Product Quality Law"), which was promulgated by the SCNPC on February 22, 1993, last revised on December 29, 2018, and came into effect on the same date, producers shall be responsible for the quality of the products they produce, which shall not present an unreasonable risk of endangering the safety of persons or property, and which shall have the performance for use and indicate on the product or its packaging the product standards adopted. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the producer or from the seller of the product. Producers or sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products illegally produced or sold and be fined. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked. If it constitutes a crime, criminal responsibility will be pursued according to the laws.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) issued by the NPC on May 28, 2020 and came into effect on January 1, 2021, a producer shall bear tort liability if its product causes damage to others due to a defect. If its product causes damage to others due to defect, the infringed party may claim compensation from the producer or from the seller of the product. Where the product defects are caused by the producers, the sellers shall have the right to recover the same from the producers after paying compensation. If the products are defective due to the fault of the seller, the producer may, after paying compensation, claim the same from the seller. If the personal and property safety of others is endangered due to a product defect, the infringed party shall have the right to request the producer and seller to undertake the tort liability such as stopping the infringement, removing the obstruction and eliminating the danger.

Regulations on Compulsory Product Certification

According to the Provisions on the Administration of Compulsory Product Certification (《強制性產品認證管理規定》) promulgated by the State Administration for Market Regulation ("SAMR") on July 3, 2009, amended on September 29, 2022 and effective on November 1, 2022, the SAMR is in charge of the compulsory product certification nationwide, and is responsible for the organization, implementation, supervision, management and comprehensive coordination of the compulsory product certification of the whole country. The market supervision and administration department of the local governments at the county level

and above are responsible for the supervision and administration of compulsory product certification activities within their own administrative districts. For products that are subject to compulsory product certification, the state implements unified product catalogues, unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards. For the producers of products listed in the catalogue, if the seller finds that the products produced and sold by these producers have potential safety hazards, which may cause damage to human health and safety of life, it shall publish relevant information to the public, take the initiative to take relief measures such as recalling the products, and report to the relevant supervision and administration department in accordance with relevant regulations. For the producers of products listed in the catalogue, if the seller fails to fulfill the obligations specified in the preceding paragraph, the SAMR shall initiate the product recall procedure, order the producer to recall the product and the seller to stop selling the product.

According to the Announcement on the Implementation of Compulsory Product Certification Management for Lithium-ion Batteries and Other Products (《關於對鋰離子電池等產品實施強制性產品認證管理的公告》) promulgated by the SAMR on March 14, 2023 and put into effect on the same date, the lithium-ion batteries and battery packs used in electronic and electrical products, portable power supplies, as well as power adapters/chargers used in telecommunications terminal products (hereinafter collectively referred to as the "Newly Included Products") are subject to compulsory product certification (CCC certification) management. Newly Included Products without a CCC certification certificate or not marked with the CCC certification logo are not allowed to be manufactured, sold, imported, or used for other business activities since August 1, 2024.

Regulations on Import and Export of Goods

According to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the Standing Committee of the National People's Congress ("SCNPC") on May 12, 1994, last amended on December 30, 2022 and effective on the same date, and the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》) lately revised by the Ministry of Commerce ("MOFCOM") on May 10, 2021 and effective on the same date, any foreign trade dealer who engages in the export of goods or technologies was required to carry out registration for the record with MOFCOM or the body entrusted by MOFCOM before December 30, 2022, and will not be required to apply for aforementioned registration for the record since December 30, 2022.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, which was last amended on April 29, 2021 and came into effect on the same date, and the Provisions on the Recordation of Customs Declaration Entities of the People's Republic of China (《中華人民共和國海關報關單位備案管理規定》) by the General Administration of Customs of the People's Republic of China promulgated on November 19, 2021, which came into effect on January 1, 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs

declaration enterprise, as filed with the customs in accordance with these provisions. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business. According to the Notice of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) promulgated and implemented by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023, consignees and consignees of imported and exported goods applying for recordation shall obtain the qualification of a market entity, and do not need to obtain the recordation of the foreign trade dealers.

Regulations on Production Safety and Fire Safety

Production safety

According to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, latest amended on June 10, 2021 and came into effect on September 1, 2021, production and business operation entities shall establish and perfect the system of responsibility for production safety and rules and regulations for production safety for all employees, meet the safety production conditions stipulated by laws and regulations, national standards or industry standards, and those who do not meet the production conditions are not allowed to engage in production and business activities. Production and business operation entities shall carry out education and training on production safety to employees, and ensure that employees have necessary knowledge on production safety and are familiar with relevant rules and regulations on production safety and safety operating procedures. The producers and operators who violate the Production Safety Law of the People's Republic of China may result in imposition of penalties, suspension of operation, an order to cease operation, or even criminal liability if causes serious consequences.

According to the Act of the People's Republic of China on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) promulgated by the SCNPC on June 28, 2003 and came into effect on October 1, 2003, any organization which produces, sells or uses radioisotopes or radiation-emitting devices shall, in accordance with relevant provisions of the State Council regarding the protection against radiation released by radioisotopes or radiation-emitting devices, apply for a license and go through the registration formalities. Any organization that produces, sells, uses, or stores radioactive sources shall establish a sound security and safeguard system, particularly designate a person to take charge and implement the security responsibility system, and formulate necessary accident emergency measures.

According to the Measures for the Supervision and Administration of "Three Simultaneities" of Safety Facilities in Construction Projects (《建設項目安全設施"三同時"監督管理辦法》) promulgated by the former State Administration of Work Safety (原國家安全生產監督管理總局) (now known as the Ministry of Emergency Management (應急管理部)) on December 14, 2010, latest amended on April 2, 2015 and effective from May 1, 2015, the safety facilities of new construction, reconstruction and expansion projects must be designed, constructed, put into production and use simultaneously with the main part of the project. The business entity shall comprehensively analyze its work safety conditions and facilities and form a written report for inspection, or pre-assess the safety of its construction project and make a safety pre-assessment report. In the preliminary design of a construction project, the business entity shall entrust a design entity with the corresponding qualification to simultaneously design for the safety facilities of the construction project and make a design for the safety facilities. Before a construction project is completed and put into production or use, the business entity shall organize the completion acceptance of safety facilities and form a written report for inspection. The safety facilities can only be put into production and use after they pass the completion acceptance check. If the business entity violates relevant regulations, it may be ordered to stop construction, make corrections within a time limit, and be fined.

Fire safety

According to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) published by the SCNPC on April 29 1998, last amended on April 29, 2021 and came into effect on the same date, and the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance Check of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China (MOHURD) on April 1, 2020, latest amended on August 21, 2023 and came into effect on October 30, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction, and shall be governed by the fire protection design review and acceptance check system for construction projects. If a construction project fails to pass the fire safety inspection before it is put into use, or fails to meet the fire safety requirements after the inspection, it will be ordered to stop construction, stop use or stop production or business, and be fined, and if it constitutes a crime, it will be held criminally liable in accordance with the law.

Regulations Relating to Environmental Protection

General provisions

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) passed by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and came into effect on January 1, 2015, enterprises, public institutions, and other businesses that discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation,

electromagnetic radiation, and other substances generated in their production, construction, and other activities. The state shall, according to the law, apply a licensing system to the discharge of pollutants. Enterprises, public institutions, and other businesses subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of their respective pollutant discharge licenses; and those without a pollutant discharge license may not discharge pollutants.

According to the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1987, latest amended on October 26, 2018 and came into effect on the same date, the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) promulgated by the SCNPC on May 11, 1984, last amended on June 27, 2017 and came into effect on 1 January 2018, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, latest amended on April 29, 2020 and implemented on September 1, 2020, the Law of the People's Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on December 24, 2021 and came into effect on June 5, 2022, business operators are required to comply with various standards and requirements for the prevention and control of air, water, noise and solid waste pollution. The enterprise's failure to comply with relevant laws and regulations will result in fines, suspension of production and operation, ordered to suspend production and business, and shall be subject to criminal liability if a crime is constituted.

Regulations relating to the environmental impact assessment of construction projects and inspection and acceptance of environmental protection for completed project

According to the Law of People's Republic of China on Environmental Impact Appraisal (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, latest amended on December 29, 2018 and came into effect on the same date, the Regulations on Environmental Management of Construction Project (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017 and effective on October 1, 2017, the Regulations on Graded Approval of Environmental Impact Assessment Documents for Construction Projects (《建設項目環境影響評價文件分級審批規定》) promulgated by the Ministry of Environmental Protection of the People's Republic of China (later renamed as Ministry of Ecology and Environment) on November 1, 2002, amended on January 16, 2009 and implemented on March 1, 2009, and the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the Ministry of Environmental Protection of the People's Republic of China (later renamed as the Ministry of Ecology and Environment) on November 20, 2017 and implemented on the same date, China implements an environmental impact assessment system for construction projects. After the completion of the construction projects for which the environment effect report and environment effect report form was prepared, a construction unit shall, according to the standards and procedures formulated by the competent administrative department for environment protection under the State Council,

conduct inspection and acceptance of supplementary environment protection facilities, and prepare inspection and acceptance report. No supplementary facilities of such projects may be put into production or use until such facilities pass inspection and acceptance; no supplementary facilities that failed to undergo or pass the inspection and acceptance procedure may be put into production or use. For construction projects that are constructed, put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases.

Regulations relating to pollutant discharge permits

According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, and the Guidance for the Discharge Registration of Stationary Pollution Sources (Trial) (《固定污染源排污登記工作指南(試行)》) promulgated by the Ministry of Ecological Environment on January 6, 2020 and implemented on the same date, enterprises, public institutions and other producers or operators that are subject to the administration of permitting of pollutant discharges shall apply for a pollutant discharge permit in accordance with the provisions, and may not discharge pollutants, if a pollutant discharge permit fails to be obtained. Enterprises, institutions and other producers and operators that produce and discharge pollutants in small volumes and affect the environment at a small level shall file a pollutant discharging registration form and are exempted from being required to obtain a pollutant discharge permit.

Environmental protection tax law

According to the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護税法》), which was promulgated by the SCNPC on December 25, 2016, latest amended on October 26, 2018 and came into effect on the same date, and the Regulation on the Implementation of the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護税法實施條例》) promulgated by the State Council on December 25, 2017 and came into effect on January 1, 2018, enterprises, public institutions and other producers or operators that discharge taxable pollutants directly to the environment in the territory of the People's Republic of China and other sea areas under the jurisdiction of the People's Republic of China shall be the payers of environmental protection tax and shall pay the environmental protection tax according to provisions of the aforesaid laws and regulations.

Regulations on Energy Conservation

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was promulgated by the SCNPC on November 1, 1997, latest amended on October 26, 2018, and came into effect on October 26, 2018, the investment projects for fixed assets shall be subject to energy conservation assessment and examination. For projects that are

not in compliance with the mandatory standards for energy conservation, the construction entity shall not commence construction, and for those already completed, the construction entity shall not be put into production or use. For government-invested projects that do not comply with the mandatory energy conservation standards, the authorities responsible for project approval in accordance with the law shall not approve the construction. The specific measures shall be formulated by the department administering energy conservation under the State Council together with the relevant departments of the State Council.

According to the Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects promulgated by the NDRC on July 1, 2025, and effective from September 1, 2025, the opinions on energy conservation reviews of fixed-asset investment projects are an important basis for the commencement of construction, completion and acceptance, and operation and management of the projects. For enterprise-invested projects, the construction entity is required to obtain an energy conservation review opinion from the energy conservation review authority before commencing the construction. Projects that have not conducted an energy conservation review, or have not passed the energy conservation review, the construction entity shall not commence the construction. Projects that have already been built shall not be put into production or use.

Regulations on Intellectual Property

Patent rights

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Regulations of the PRC Copyright Law (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001, latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely invention patents, utility model patents and design patents. Invention patents are valid for twenty years, while utility model patents and design patents are valid for ten years and fifteen years, respectively, all calculated from the date of application.

Copyright

In accordance with the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), which was promulgated by the NPCSC on September 7, 1990, latest amended on November 11, 2020, and came into effect on June 1, 2021, copyrights include personal rights such as the right of publication and that of authorship, as well as property rights such as the right of reproduction and that of distribution, copyright protection is extended to Internet activities, products disseminated over the Internet and software products. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the

relevant right owner would constitute an infringement of copyright, unless otherwise provided in the Copyright Law of the People's Republic of China. The infringer shall bear civil liabilities such as ceasing the infringement, eliminating the impacts, making an apology, and compensating for the loss.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and the Regulation on Computers Software Protection (《計算機軟件保護條例》), as amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is primarily responsible for the registration and management of national software copyrights and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant registration certificates to computer software copyright applicants that conform to the provisions of both the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Trademark rights

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC on August 23, 1982, last amended on April 23, 2019 and took effect on November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and took effect on May 1, 2014, in China, registered trademarks include goods trademarks, service trademarks, collective trademarks and certification trademarks. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. Where a registered trademark needs to continue to be used after the expiration of the validity, the trademark registrant shall go through the formalities for renewal within 12 months prior to the expiration of the validity in accordance with the regulations. Each renewal of the registration shall be valid for ten years, commencing from the day after the expiration of the previous validity of the trademark.

Domain names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and took effect on November 1, 2017, and the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the MIIT on November 27, 2017 and took effect on January 1, 2018, the MIIT supervises and manages the domain name services nationwide. The domain name used by an internet information service provider in providing internet information services must be registered and owned by such provider in accordance with the laws and regulations. Registrations of domain names are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Trade secret

Pursuant to 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》) promulgated by the Standing Committee of the NPC on September 2, 1993, last amended on June 27, 2025 and effective from October 15, 2025, and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Infringements upon Trade Secrets (《最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定》) promulgated by the Supreme People's Court on September 10, 2020 and took effect on September 12, 2020, trade secret refers to the technical information, operating information and other business information that is not known to the public, has commercial value, and has been subject to appropriate confidentiality measures taken by the obligee. Business operators shall not commit the following acts of infringement of trade secrets: (1) acquiring a trade secret from the obligee by theft, bribery, fraud, coercion, electronic intrusion or other illicit means; (2) disclosing, using or allowing another person to use a trade secret acquired from the obligee by any means as specified in the preceding subparagraph; (3) disclosing, using or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the obligee for keeping the trade secret confidential; (4) abetting, tempting or aiding a person in acquiring, disclosing, using or allowing another person to use the trade secret of the obligee in violation of his or her confidentiality obligation or the requirements of the obligee for keeping the trade secret confidential.

Regulations on Labor and Social Insurance and Housing Provident Fund

Labor contract

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994, last amended on December 29, 2018 and took effect on the same date, and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the Standing Committee of the NPC on June 29, 2007, last amended on December 28, 2012 and took effect on July 1, 2013, employers shall enter into written labor contracts with their employees to establish labor relations. Employers are prohibited from forcing employees to work overtime, and where the employers arrange overtime work, they shall pay employees for overtime work in accordance with relevant national regulations. The remuneration of each employee shall be no less than the local standard on minimum wages. If the employer fails to comply with the above laws and regulations, the labor administrative department has the right to give a warning, order to rectify, fine, require suspending business for rectification and take other measures; If any harm is caused to employees, the employer shall be liable for compensation; If the relevant illegal action constitutes a crime, criminal responsibility shall also be investigated.

Social insurance

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the NPC on October 28, 2010, last amended on December 29, 2018 and took effect on the same date, and other relevant provisions, employers and individuals within the People's Republic of China shall pay social insurance charges in accordance with the law. If the employer fails to pay social insurance charges in full and on time, the social insurance charge collection agency has the right to order it to pay or make up the amount within a time limit, and add a late fee on a daily basis from the date of default. If the employer fails to pay within the time limit, the relevant administrative authorities shall impose a fine.

Housing provident fund

According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last amended on March 24, 2019 and took effect on the same day, employers should register with the competent housing provident fund administration center and pay the housing provident fund for their employees. Where the employer fails to make a payment or has a shortfall in payment of housing provident fund, the housing provident administration center will order it to make the payment within the time limit; if the employer fails to pay within the time limit, the housing provident administration center may apply for compulsory enforcement to the People's Court.

Regulations on Tax

Corporate income tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007, last amended on December 29, 2018 and took effect on the same date, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and took effect on January 20, 2025, domestic enterprises established in China according to the law shall be regarded as resident enterprises. Resident enterprises shall pay the enterprise income tax at the rate of 25% on their income derived from China, the enterprise income tax shall be levied at the reduced rate of 20% for qualified small and low-profit enterprises, and 15% for qualified high-tech enterprises.

Value-added tax

According to the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, last amended on November 19, 2017 and took effect on the same date, and the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF

and the SAT on December 25, 1993, last amended on October 28, 2011 and took effect on November 1, 2011, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets or immovables, and import goods within the PRC are taxpayers of value-added tax ("VAT"), and shall pay VAT. Unless otherwise stipulated by the above regulations, the rate of VAT for taxpayers engaging in sale or importation of goods shall be 17%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) jointly promulgated by the MOF and the SAT on April 4, 2018 and took effect on May 1, 2018, the tax rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and took effect on April 1, 2019, the tax rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Regulations on Anti-Unfair Competition and Anti-monopoly

According to the Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the NPC on August 30, 2007, last amended on June 24, 2022, and took effect on August 1, 2022, prohibited monopoly conducts include the monopoly agreements by business operators, abusing of dominant market position and concentration of business operators that may have the effect of eliminating or restricting competition. The anti-monopoly law enforcement agencies designated by the State Council are responsible for the enforcement of the anti-monopoly law in accordance with the provisions of the Anti-Monopoly Law. Business operators who violate the provisions of the Anti-Monopoly Law of the People's Republic of China will be ordered by the anti-monopoly law enforcement agencies to stop the illegal act and be imposed a fine.

According to 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》) promulgated by the Standing Committee of the NPC on September 2, 1993, last amended on April 23, 2019 and took effect on the same date, business operators shall, in their production and operation activities, abide by the principles of voluntariness, equality, fairness and good faith, and comply with laws and business ethics. Business operators shall not use improper means to engage in market transactions and harm competitors. Any business operator who violates the Anti-Unfair Competition Law of the People's Republic of China by engaging in the foregoing unfair competition activities shall be ordered to cease such illegal activities, eliminate the influence of such activities or compensate for the damages caused to any party. The supervision and inspection authorities may also confiscate the illegal gains or impose fines on such business operators.

The Standing Committee of the NPC reviewed and adopted the revised 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》) on June 27, 2025. The revised law will take effect from October 15, 2025. The revision focuses on further specifying the types of other traditional unfair competition behaviors and improving the regulatory system for unfair online competition.

Regulations on Cybersecurity and Data Protection

Regulations on cybersecurity

Pursuant to the Cybersecurity Law of the PRC, which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, the PRC has implemented a hierarchical network security protection system, and network operators shall comply with the provisions of laws and regulations as well as the mandatory requirements of the national and industry standards, formulate an internal security management system, and adopt technical measures and other necessary measures to protect the security of the network, stable operation. Personal information and important data collected and generated by the critical information infrastructures during their operations shall be stored within the PRC. Where they are required to be provided outside the PRC due to business needs, security assessments shall be conducted in accordance with the requirements of the relevant departments. Network operators violating the provisions of such law will be ordered to rectify, given a warning, fined, confiscated the illegal income, ordered to suspend business, suspend for rectification, shut down the site, revoke the business license and other penalties.

Pursuant to the Data Security Law of the PRC, which was adopted by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, the PRC has formulated a system for data classification and grading protection. Where data processing activities are carried out through the Internet and other information networks, the above-mentioned data security protection obligations shall be performed based on the hierarchical network security protection system. A processor of important data is required to evaluate the risk of its data activities periodically and file assessment reports with relevant regulatory authorities.

Pursuant to the Measures for Cybersecurity Review, which was jointly promulgated by the Cyberspace Administration of China, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of National Security, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the China Securities Regulatory Commission, the National Administration of State Secrets Protection, and the State Cryptography Administration on November 16, 2021 and came into effect on February 15, 2022, a network platform operator with personal information of more than 1 million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office. As the [**REDACTED**] does not constitute a "listing in a foreign country", the Company is not obliged to apply for a cybersecurity review in accordance with the above provisions of the Measures for Cybersecurity Review.

Regulations on Data Protection

Pursuant to the Measures on Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) promulgated by the Cyberspace Administration of China on July 7, 2022 and effective on September 1, 2022, to provide data abroad under any of the following circumstances, a data processor shall declare security assessment for its outbound data transfer to the national cyberspace administration through the local cyberspace administration at the provincial level: (1) the data processor provides important data abroad; (2) the critical information infrastructure operator or the data processor that has processed the personal information of over one million individuals provides personal information abroad; (3) the data processor that has provided the personal information of 100,000 individuals or the sensitive personal information of 10,000 individuals cumulatively since January 1 of the previous year provides personal information abroad; (4) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

Pursuant to the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024 and effective on January 1, 2025, where cyber data processing activities carried out by a cyber data processor affect or may affect national security, a national security review shall be conducted in accordance with the relevant provisions issued by the State. If a cyber data processor handles the personal information of over 10 million individuals, it shall also comply with the regulations on cyber data processors handling important data.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) adopted by the NPC on May 28, 2020 and effective on January 1, 2021, the personal information of natural persons is protected by law. Any organization or individual shall legally obtain relevant personal information of others and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or disclose personal information of others.

Pursuant to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) adopted by the SCNPC on August 20, 2021 and effective on November 1, 2021, personal information refers to all kinds of information relating to identified or identifiable natural persons recorded by electronic or otherwise, excluding information processed anonymously. The personal information of natural persons shall be protected by law. No organization or individual may infringe upon natural persons' rights and interests relating to personal information. Personal information shall be processed under the principles of lawfulness, legitimacy, necessity and good faith and shall be processed for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals, and limited to the minimum scope necessary for achieving the processing purpose. It shall be processed under the principle of openness, and the quality of information shall be guaranteed and measures shall be taken to protect personal information from divulging, tampering or losing.

According to the Amendment (IX) to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015 and implemented on November 1, 2015, network service providers shall be subject to criminal liability if they breach the obligation of information network security management required by the relevant laws and reject the rectification ordered by relevant authorities.

Laws and Regulations Relating to Overseas Investments by Domestic Enterprise

Regulations of the Development and Reform Commission on Overseas Investment by Domestic Enterprise

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which was promulgated on December 26, 2017 and took effect on March 1, 2018, when domestic enterprises conduct overseas investment, they should fulfill the procedures such as approval and filing for overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope of approval management includes sensitive projects carried out by the investment entity directly or through its controlled overseas enterprises, which specifically include projects involving sensitive countries and regions and sensitive industries. The scope of filing registration management is non-sensitive projects directly carried out by investment entity, that is, non-sensitive projects involving investment entity directly investing in assets, interests or providing financing and guarantees.

In case an investment entity violates the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), the approving and filing authorities shall have the right to adopt measures such as refusing approval or filing the project, revoking the approval document or notification of filing, ordering the investment entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the investment entity and the principal person in charge of the project, etc. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the Commerce Department on Overseas Investment by Domestic Enterprises

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and the provincial competent departments of commerce shall be responsible for the filing registration and approval respectively, depending on different circumstances of overseas investment by the enterprise. An overseas investment involves sensitive countries and regions as well as sensitive industries, the overseas investment shall be subject to administration by approval; Overseas investment that falls under any other circumstances shall be subject to administration by filing registration.

For any violation of the Measures for the Administration of Overseas Investment, the competent commerce authority has the right to revoke the overseas investment registration of the enterprise, give a warning, and issue a penalty decision in accordance with the law, and the enterprise shall not apply for the approval again within one or three years and is not applicable to the incentives or supporting measures under relevant national policies within three years. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the Foreign Exchange Administration on Overseas Investment by Domestic Enterprises

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it has cancelled the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under overseas direct investment in accordance with this notice and the attached Operational Guidelines for Foreign Exchange Business of Direct Investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

Pursuant to the Regulations on Foreign Exchange Administration of Overseas Direct Investment by Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009, if a domestic institution violates these regulations, the SAFE shall impose penalties in accordance with the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) and other relevant regulations; if a crime is constituted, criminal liability shall be pursued in accordance with the law.

The Guidelines on Foreign Exchange Business under the Capital Account (2024 Edition) specify the procedural requirements for registration of foreign exchange business related to overseas direct investment.

Regulations on Overseas Offering and Listing of Domestic Enterprises

Regulations Relating to Overseas Listing

According to the Securities Law of the People's Republic of China (《中華人民共和國證券法》) promulgated by the SCNPC on December 29, 1998, which was last amended on December 28, 2019 and implemented on March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas must comply with the relevant regulations of the State Council.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the "Overseas Listing Trial Measures") and supporting guidelines promulgated by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on February 17, 2023 and implemented on March 31, 2023, the overseas offering and listing activities of domestic enterprises shall be in strict compliance with laws, administrative regulations and relevant provisions on national security in terms of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security, shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. If a security review is required, the relevant security review procedures shall be carried out in accordance with the law before submitting the offering and listing application to the overseas securities regulatory authorities, stock exchanges, etc.

A domestic enterprise that intends to be listed or is listed overseas may raise funds and pay dividends in foreign currencies or RMB. The use and investment of proceeds from overseas issuance by a domestic enterprise shall comply with the laws, administrative regulations and relevant national rules. The foreign exchange and cross-border flow of capitals relating to the overseas issuance and listing of a domestic enterprise shall comply with the national regulations on cross-border investment and financing, foreign exchange management, and cross-border RMB management.

The Overseas Listing Administrative Measures provide that an overseas offering and listing is explicitly prohibited under any of the following circumstances: (1) if the offering and listing is specifically prohibited by laws, administrative regulations and relevant national provisions; (2) if the overseas offering and listing constitutes endangers to national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) if, in the past three years, the domestic enterprise or its controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy; (4) if the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; or (5) if there are material ownership disputes over the equity held by the controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

If any of the following material events occur after an issuer's overseas offering and listing, the issuer shall report the details to the CSRC within three working days from the date of the occurrence and announcement of the relevant event: (1) change in control; (2) investigation, penalties or other measures taken by overseas securities regulatory authorities or relevant competent authorities; (3) the conversion of listing status or the transfer of listing board; (4) voluntary or compulsory termination of listing.

If a domestic enterprise fails to perform the filing procedures in violation of the Overseas Listing Administrative Measures and violates the regulations on overseas offering and listing, or if its filing documents contain any false records, misleading statements or material omissions, the CSRC may order it to make corrections, give a warning and impose a fine. The directly responsible person in charge and other directly liable persons may be given a warning and imposed a fine. In case of a serious violation, the CSRC may impose a penalty for prohibited access to the securities market. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) promulgated by the SFC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China on February 24, 2023 and implemented on March 31, 2023, where a domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and data involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas offering and listing of domestic companies shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions. In the overseas offering and listing activities of domestic enterprises, any unit or individual who violates the Guarding State Secrets Law of the People's Republic of China (《中華人民共和國保守國家秘密法》), the Archives Law of the People's Republic of China (《中華人民共和國檔案法》) and other laws and regulations shall be held legally accountable by the relevant authorities in accordance with the law, and shall be handled over to judicial authorities if criminal conduct might be involved.

Regulations relating to foreign exchange administration of overseas listing

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) promulgated on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a special account for overseas listing of domestic company at a local bank to handle the exchange, remittance and transfer of funds for the business concerned.

The Guidelines on Foreign Exchange Business under the Capital Account (2024 Edition) stipulate guidelines for securities investment management and other related foreign exchange business, providing guidance on foreign exchange procedures for new registration and alteration and cancellation of registration, registration of domestic shareholders' shareholdings, full circulation and other related matters of domestic companies' overseas listings.

Regulations Relating to the H Share Full Circulation

Full circulation represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted Domestic Shares held by domestic shareholders prior to overseas listing, unlisted Domestic Shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. According to the Guidelines for the Application for the Full Circulation of the Domestic Unlisted Shares of H-Share Companies (《H股公司境內未上市股份申請全流通業務指引》) promulgated by the CSRC on November 14, 2019 and amended on August 10, 2023, Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for the circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to submit the filing registration to the CSRC. Unlisted domestic joint stock companies may apply for the filing registration for "full circulation" to the CSRC when applying for an overseas initial public offering and listing.

Shareholders of domestic unlisted shares shall perform the share transfer registration in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited, perform the share registration, listing and other procedures in accordance with the relevant regulations of the Hong Kong market, and disclose information in accordance with the laws and regulations. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China. Shareholders of domestic unlisted shares may reduce or increase their holdings of our Company's shares that are [**REDACTED**] on the Hong Kong Stock Exchange in accordance with the relevant business rules. The domestic enterprise that issues securities overseas shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC, of the shares related to the application has been completed.

In addition, the Shenzhen Branch of the CSDC released the Guidelines for the "Full Circulation" Program for H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) on September 20, 2024, which clearly provides for business arrangements and procedures related to H-share full circulation business, including business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges.

OVERVIEW

We were founded by Mr. Wu, our founder, chairman of the Board and one of the executive Directors. Tracing back to 2019, under the leadership of Mr. Wu, our R&D team comprising a group of technicians with specialized skills, educational background and work experience in the industry, developed our key product 280Ah ESS batteries, which was launched in 2021. In addition, Mr. Wang, our co-founder, executive Director and chief executive officer who is experienced in financing, management and corporate governance, has been primarily responsible for our overall day-to-day management since the founding of our Group. We are focused on the innovation and development of energy storage battery and system technologies, as well as energy storage systems. From 2021 to June 30, 2025, we successively launched and mass-produced our 314Ah ESS battery, 587Ah ESS battery, ∞Cell 1175Ah ESS battery, ∞Cell N162Ah sodium-ion ESS battery, 5MWh liquid-cooling energy storage system and ∞Power 6.25MWh 2h/4h energy storage system. We have established a comprehensively leading product matrix with Mr. Wu's strategic layout. After more than five years of development, we have become a leading global new energy technology company dedicated to providing all-round energy solutions centered around energy storage batteries and systems. We are the world's third largest energy storage company in 2024 in terms of lithium-ion ESS battery shipments according to CIC, underscoring our leadership position in the global energy storage industry.

MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

Time	Milestone
2019	Our Company was established in Xiamen.
2020	We commenced the construction of our R&D center and production base in Xiamen.
2021	Our lithium-ion ESS battery intelligent manufacturing production line was officially put into operation.
	We launched our 280Ah ESS batteries.
2022	We launched our 314Ah ESS batteries and 5MWh liquid-cooling energy storage system.
	Our intelligent manufacturing and R&D center in Southwestern China was established in Chongqing.

Time	Milestone
	We established our subsidiaries in the United States and Germany, and entered the American and European markets.
2023	We launched the industry's first 1,000Ah+ long-duration ESS battery.
	We launched our Control Technology Research Institute in Shenzhen.
	We entered the Middle Eastern market.
	Our production base in Chongqing was put into operation.
	We were selected as one of the "2023 Top 500 Global New Energy Enterprises."
2024	We launched our ∞Power 6.25MWh 2h/4h energy storage systems.
	We launched our ∞Cell N162Ah ESS batteries, the first sodium-ion utility-scale ESS battery in the industry with a cycle life exceeding 20,000 cycles.
	We commenced the construction of the world's first long-duration energy storage integrated zero-carbon industrial park in Heze, Shandong.
	We commenced the construction of our production base in the United States.
2025	We were recognized at the national level as a Green Supply Chain Management Enterprise and Green Factory.
	We launched our ∞Cell 587 Ah ESS battery.
	We established our inaugural energy storage system factory in the United States.

OUR MAJOR SUBSIDIARIES

Set forth below are details of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period or are of strategic importance to our Group:

Name of subsidiary	Date of establishment and commencement of business	Principal businesses
Chongqing Hithium Energy Storage Technology Co., Ltd. (重慶海辰儲能科技有限公司, "**Hithium Chongqing**")	June 17, 2022	Production, sales and delivery of energy storage products
Shenzhen Hithium Energy Storage Technology Co., Ltd. (深圳海辰儲能科技有限公司, "**Hithium Shenzhen**")	May 25, 2022	Research and development, sales and delivery of energy storage products
Shandong Hithium Energy Storage Technology Co., Ltd. (山東海辰儲能科技有限公司, "**Hithium Shandong**")	July 2, 2024	Research and development, production, sales and delivery of LDES products
Hithium Energy Storage Technology USA Inc. ("**Hithium USA**")	November 23, 2022	Research and development, production, sales and delivery of energy storage products
Hithium Energy Storage Technology Deutschland GmbH ("**Hithium Germany**")	December 13, 2022	Sales and delivery of energy storage products

Except for several increases of the registered share capital in Hithium Shenzhen and Hithium Chongqing, there has been no change of shareholding in any of our major subsidiaries during the Track Record Period.

MAJOR SHAREHOLDING CHANGES IN THE COMPANY

On December 27, 2019, our Company was established as a limited liability company in the PRC with an initial registered capital of RMB100,000,000. Upon establishment, our Company was wholly owned by Hithium Technology. Hithium Technology is held by Zhuhai Haiheng, Zhuhai Huiwei New Energy Technology Partnership (Limited Partnership) (珠海慧維新能源科技合夥企業(有限合夥), "**Zhuhai Huiwei**") and Mr. Wang, our executive Director and chief executive officer, as to 73.31%, 21.98% and 4.71%, respectively. There is no change of shareholding since the establishment of Haichen Technology. Zhuhai Haiheng was established in June 2019 and held by Mr. Wang as to 18% and Ms. Lin Xiuhua (林秀華), the current spouse of Mr. Wu, as to 82%, at the time of its establishment. Ms. Lin Xiuhua transferred all of her shares in Zhuhai Haiheng to Mr. Wu in May 2021. In April 2023, Mr. Wang transferred 10% of his interests in Zhuhai Haiheng to Ms. Lin Xiuhua, which was subsequently transferred to Mr. Wu in September 2023. After the completion of the aforesaid share transfers in Zhuhai Haiheng and up to the Latest Practicable Date, it was held by Mr. Wu and Mr. Wang as to 92% and 8%, respectively. Zhuhai Huiwei was established in in August 2019 and held by Mr. Li Siyang (李斯洋) as to 83% and Mr. Xue Lei (薛磊) as to 17% at the time of its establishment. Mr. Li Siyang and Mr. Xue Lei are Independent Third Parties and were holding the shares on trust of Mr. Wang Jingdong. In July 2023, Mr. Li Siyang and Mr. Xue Lei transferred all of their shares to Mr. Wang Jingdong and Mr. Wang Zicheng, the son of Mr. Wang Jingdong. After the completion of the aforesaid share transfers in Zhuhai Huiwei and up to the date of this Document, it was held by Mr. Wang Jingdong and Mr. Wang Zicheng as to 99% and 1%, respectively. As of the date of this Document, Zhuhai Haiheng is held by Mr. Wu as to 92% and Mr. Wang as to 8%. Mr. Wu is the general partner of Zhuhai Haiheng. Zhuhai Huiwei is held and managed by individuals who are our Independent Third Parties.

In August 2022, our Company was converted into a joint stock company with limited liability and we had a registered share capital of RMB146,432,740. Before and after the conversion, we completed several rounds of [**REDACTED**] Investments through capital injection from and equity transfers between our [**REDACTED**] Investors with the last equity transfer completed on April 3, 2025. For details, please refer to "— [**REDACTED**] Investments" below.

In March 2025, pursuant to resolutions of the Shareholders' meeting, our registered share capital was increased to RMB1,094,745,156 by way of capital injection and conversion from capital reserve. Certain of our ESOP Platforms (as defined below) were established and the shareholdings of our Shareholders were adjusted based on arms' length negotiation among the Shareholders after the completion of the aforesaid capital injection and conversion of capital reserve.

ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, we have established certain employee shareholding platforms (the "**ESOP Platform(s)**") as limited partnerships in the PRC which directly and indirectly hold the Shares of our Company. As of the date of this Document, all of the awards under the ESOP Platforms have been granted and vested and, as a result, the grantees hold partnership interests in such ESOP Platforms.

The partnership interests of our Directors, Supervisors and senior management of the Company in the ESOP Platforms are set out below:

- Xiamen Hithium Zhicheng Investment Partnership Enterprise (L.P.) (廈門海辰致誠投資合夥企業(有限合夥)) ("**Hithium Zhicheng**") is held as to approximately (i) 0.001% by Mr. Pang Wenjie (龐文傑), our executive Director and deputy general manager, as general partner; (ii) 49.00% by Mr. Wu Zuyu (吳祖鈺), the chairman of the Board and our executive Director, as a limited partner; and (iii) 16.00% as a limited partner by Xiamen Hithium Zhicheng No. 2 Investment Partnership Enterprise (L.P.) (廈門海辰致誠二號投資合夥企業(有限合夥)), of which Mr. Pang Wenjie is a limited partner holding approximately 77.50% partnership interests.

- Xiamen Hithium Chuangxiang Investment Partnership Enterprise (L.P.) (廈門海辰創享投資合夥企業(有限合夥)) ("**Hithium Chuangxiang**") is held as to approximately (i) 11.30%, 8.59%, 1.63% and 0.11% by Dr. Yi Ziqi (易梓琦), our executive Director and deputy general manager, Mr. Pang Wenjie, Mr. Wu Yuyuan (吳玉源), our Supervisor, and Mr. Wu Zuyu as limited partners, respectively; and (ii) 27.17% as a limited partner by Xiamen Hithium Chuangxiang No. 1 Investment Partnership Enterprise (L.P.) (廈門海辰創享一號投資合夥企業(有限合夥)), of which Dr. Yi Ziqi and Dr. Liao Linping (廖林萍), our Supervisor, are limited partners holding approximately 58.00% and 2.80% partnership interests, respectively.

- Xiamen Hithium Haichuang No. 1 Investment Partnership Enterprise (L.P.) (廈門海辰海創一號投資合夥企業(有限合夥)) ("**Haichuang No. 1**") is held as to approximately (i) 9.52% by Mr. Zhao Ruijin (趙瑞錦), our chief financial officer, as a limited partner; and (ii) 28.57% as a limited partner by Xiamen Hithium Haichuang No. 101 Investment Partnership Enterprise (L.P.) (廈門海辰海創一零一號投資合夥企業(有限合夥)), of which Ms. Wu Liqing (吳麗卿), our deputy general manager, Board secretary and joint company secretary, is the general partner holding approximately 13.75% partnership interests, and Mr. Hu Zhijia (胡志嘉), our deputy general manager and chief operating officer, is a limited partner holding approximately 15.00% partnership interests.

- Xiamen Hithium Haichuang No. 2 Investment Partnership Enterprise (L.P.) (廈門海辰海創二號投資合夥企業(有限合夥)) ("**Haichuang No. 2**") is held as to approximately 18.72% by Mr. Wu Zuyu as a limited partner.

- Xiamen Hithium Haichuang No. 5 Investment Partnership Enterprise (L.P.) (廈門海辰海創五號投資合夥企業(有限合夥)) ("**Haichuang No. 5**") is held as to approximately 28.85% by Mr. Wu Zuyu as a limited partner.

- Xiamen Hithium Haichuang No. 6 Investment Partnership Enterprise (L.P.) (廈門海辰海創六號投資合夥企業(有限合夥)) ("**Haichuang No. 6**") is held as to approximately (i) 26.24% by Mr. Wu Zuyu as a limited partner; and (ii) 73.52% as a limited partner by Xiamen Hithium Haichuang No. 601 Investment Partnership Enterprise (L.P.) (廈門海辰海創六零一號投資合夥企業(有限合夥)), of which Ms. Wu Liqing is a limited partner holding approximately 0.83% partnership interests.

- Xiamen Hithium Haichuang No. 7 Investment Partnership Enterprise (L.P.) (廈門海辰海創七號投資合夥企業(有限合夥)) ("**Haichuang No. 7**") is held as to approximately (i) 6.89% as a limited partner by Xiamen Hithium Haichuang No. 701 Investment Partnership Enterprise (L.P.) (廈門海辰海創七零一號投資合夥企業(有限合夥)), of which Ms. He Ying (何穎), our Supervisor, is the general partner holding approximately 5.46% partnership interests; (ii) 26.45% as a limited partner by Xiamen Hithium Haichuang 702 Investment Partnership Enterprise (L.P.) (廈門海辰海創七零二投資合夥企業(有限合夥)), of which Mr. Wu Yuyuan, Ms. Wu Liqing and Mr. Hu Zhijia are limited partners holding approximately 5.19%, 4.45% and 4.45% partnership interests, respectively; and (iii) 31.53% as a limited partner by Xiamen Hithium Haichuang No. 8 Investment Partnership Enterprise (L.P.) (廈門海辰海創八號投資合夥企業(有限合夥)), of which Mr. Wu Zuyu is a limited partner holding approximately 99.50% partnership interests.

Save as disclosed above, all of the ESOP Platforms are managed by our employees who are not our connected persons, and there are no other connected persons who are limited partners of any of the ESOP Platforms. For details of the shareholding in our Company by each of the ESOP Platforms as of the Latest Practicable Date and upon the completion of the [**REDACTED**], please refer to the section headed "— Capitalization" below.

[REDACTED] INVESTMENTS

Overview

We have undergone the following rounds of [**REDACTED**] Investments by way of capital injection, details of which are set forth below.

Round	Dates of agreement	Date of last payment of consideration	Approximate total consideration	Cost per Share[(1)]	[REDACTED] to the [REDACTED][(2)]
			(RMB)	*(RMB)*	
Series A[(3)] . . .	From November 2020 to May 2021	August 5, 2021	683 million	4.50	[REDACTED]%
Series A+[(4)] . .	December 29, 2021	January 30, 2022	740 million	9.02	[REDACTED]%
Series B[(5)] . . .	September 15, 2022	October 11, 2022	2,001 million	18.81	[REDACTED]%
Series C[(6)] . . .	June 13, 2023	June 29, 2023	4,575 million	22.98	[REDACTED]%

Notes:

(1) The cost per Share paid by the [**REDACTED**] Investors was calculated based on the amount of investment made by the relevant [**REDACTED**] Investors and number of Shares held by them at the time of their respective investments, which was adjusted to reflect the subsequent conversion of capital reserve to registered share capital of our Company in 2023 and the subsequent conversion of capital reserve to the registered capital in 2025.

(2) The [**REDACTED**] to the H Share [**REDACTED**] is calculated based on the mid-point of the indicative [**REDACTED**], and the exchange rates as set out in this Document.

(3) The [**REDACTED**] Investors participating in the Series A [**REDACTED**] Investments by way of subscribing for increased registered capital of the Company were Xiamen Changxing Dingsheng Investment Co., Ltd. (廈門市長興鼎盛投資有限公司), Shenzhen Hithium New Energy Enterprise (L.P.) (深圳海辰新能企業(有限合夥)) ("**Hithium New Energy**"), Xiamen Zhongchuang Hithium Investment Partnership Enterprise (L.P.) (廈門眾創海辰投資合夥企業(有限合夥)) ("**Zhongchuang Hithium**"), Xiamen Envoglin No. 1 Investment Partnership Enterprise (L.P.) (廈門恩沃格林壹號投資合夥企業(有限合夥)) ("**Envoglin No. 1**"), Zhuhai Zhongyuan Investment Co., Ltd. (珠海市眾遠投資有限公司), Zhuhai Dagong No. 4 Equity Investment Enterprise (L.P.) (珠海市大公四號股權投資企業(有限合夥)) ("**Dagong No. 4**"), Suzhou Maxwell Technologies Co., Ltd. (蘇州邁為科技股份有限公司) ("**Maxwell Technologies**"), Suzhou Xinderui Venture Capital Partnership Enterprise (L.P.) (蘇州鑫德睿創業投資合夥企業(有限合夥)) ("**Suzhou Xinderui**"), Ningbo Hexi Industrial Investment Partnership Enterprise (L.P.) (寧波和希實業投資合夥企業(有限合夥)) ("**Ningbo Hexi**") and Ningbo Yuanxi Industrial Investment Partnership Enterprise (L.P.) (寧波源希實業投資合夥企業(有限合夥)) ("**Ningbo Yuanxi**").

(4) The [**REDACTED**] Investors participating in the Series A+ [**REDACTED**] Investments by way of subscribing for increased registered capital of the Company were Shenzhen Qianfan Qihang No. 1 Private Equity Investment Fund Partnership Enterprise (L.P.) (深圳千帆企航壹號私募股權投資基金合夥企業(有限合夥)) ("**Qianfan Qihang No. 1**"), Jiaxing Zhaoshi Equity Investment Partnership Enterprise (L.P.) (嘉興朝拾股權投資合夥企業(有限合夥)) ("**Jiaxing Zhaoshi**"), Zhaoying Zhizao (Xiamen) Equity Investment Fund Partnership Enterprise (L.P.) (招贏智造(廈門)股權投資基金合夥企業(有限合夥)), Maxwell Technologies, Chengxin Lithium Group Co., Ltd. (盛新鋰能集團股份有限公司) ("**Chengxin Lithium**"), Bixin Zetian (Beijing) Information Technology Co., Ltd. (碧信澤天(北京)信息科技有限公司) ("**Bixin Zetian**"), Xinyu Strategy Fenghe Zhihai Investment Management Center (L.P.) (新餘方略峰和知海投資管理中心(有限合夥)) ("**Fenghe Zhihai**"), Guofa Jianfu Industrial Co., Ltd. (國發建富實業有限公司) ("**Guofa Jianfu**"), BTR New Material Group Co., Ltd. (貝特瑞新材料集團股份有限公司) ("**BTR**"), Shenzhen Furun Century Trading Co., Ltd. (深

圳市富潤世紀商貿有限公司) ("**Furun Century**"), Suzhou Tongchuang Tongyun Venture Capital Partnership Enterprise (L.P.) (蘇州同創同運創業投資合夥企業(有限合夥)) ("**Tongchuang Tongyun**"), Xiamen Borun Capital Investment Management Co., Ltd. (廈門博潤資本投資管理有限公司), and Qingdao Hetai Development Private Equity Investment Fund Partnership Enterprise (L.P.) (青島合泰開拓私募股權投資基金合夥企業(有限合夥)) ("**Hetai Development**").

(5) The [**REDACTED**] Investors participating in the Series B [**REDACTED**] Investments by way of subscribing for increased registered capital of the Company were Nongying Qianfan Qihang (Xiamen) Venture Capital Partnership Enterprise (L.P.) (農贏千帆企航(廈門)創業投資合夥企業(有限合夥)) ("**Nongying Qianfan Qihang**"), Qianfan Qihang No. 1, Jianxin Navigation Strategic Emerging Industries Development Fund (L.P.) (建信領航戰略性新興產業發展基金(有限合夥)) ("**Jianxin Navigation**"), Chongqing Manufacturing Industry Transformation and Upgrading Private Equity Investment Fund Partnership Enterprise (L.P.) (重慶製造業轉型升級私募股權投資基金合夥企業(有限合夥)) ("**Chongqing Manufacturing**"), Nanjing Jingqian No. 2 Equity Investment Partnership Enterprise (L.P.) (南京經乾二號股權投資合夥企業(有限合夥)) ("**Jingqian No. 2**"), Hainan Fenghe Fengrui Venture Capital Partnership Enterprise (L.P.) (海南峰和峰瑞創業投資合夥企業(有限合夥)) ("**Fenghe Fengrui**"), Hainan Fenghe Hejin Venture Capital Partnership Enterprise (L.P.) (海南峰和和進創業投資合夥企業(有限合夥)) ("**Fenghe Hejin**"), Xiamen Chuangyi Shengtun New Energy Industrial Investment Partnership Enterprise (L.P.) (廈門創益盛屯新能源產業投資合夥企業(有限合夥)) ("**Chuangyi Shengtun**"), Xiamen Changqing Hairong Investment Partnership Enterprise (L.P.) (廈門常青海融投資合夥企業(有限合夥)) ("**Changqing Hairong**"), Maxwell Technologies, Tianjin Richu Dongfang Equity Investment Partnership Enterprise (L.P.) (天津日初東方股權投資合夥企業(有限合夥)), Jiaxing Zhaoyi Equity Investment Partnership Enterprise (L.P.) (嘉興朝熠股權投資合夥企業(有限合夥)) ("**Jiaxing Zhaoyi**"), Jiaxing Zhaojie Equity Investment Partnership Enterprise (L.P.) (嘉興朝捷股權投資合夥企業(有限合夥)) ("**Jiaxing Zhaojie**"), Zhongchuang Hithium, Zhongchuang Green No. 3 Equity Investment (Zibo) Partnership Enterprise (L.P.) (眾創綠色三號股權投資(淄博)合夥企業(有限合夥)) ("**Zhongchuang Green No. 3**"), Xiamen Juchen Yuxin Investment Partnership Enterprise (L.P.) (廈門炬辰宇鑫投資合夥企業(有限合夥)) ("**Juchen Yuxin**"), Borun Multi-Strategy (Xiamen) Equity Investment Partnership Enterprise (L.P.) (博潤多策略(廈門)股權投資合夥企業(有限合夥)) ("**Borun Multi-Strategy**"), Zhongbing Guodiao (Xiamen) Equity Investment Fund Partnership Enterprise (L.P.) (中兵國調(廈門)股權投資基金合夥企業(有限合夥)) ("**Zhongbing Guodiao**"), Ningbo Aoxing Equity Investment Co., Ltd. (寧波澳行股權投資有限公司) ("**Ningbo Aoxing**"), Suzhou Xinderui, and Tongchuang Tongyun.

(6) The [**REDACTED**] Investors participating in the Series C [**REDACTED**] Investments by way of subscribing for increased registered capital of the Company were Wuxi Guoshou Chengda Equity Investment Center (L.P.) (無錫國壽成達股權投資中心(有限合夥)) ("**Guoshou Chengda**"), Beijing Ruiyi Venture Capital Investment Fund (L.P.) (北京瑞沂創業投資基金(有限合夥)) ("**Beijing Ruiyi**"), BOC Financial Asset Investment Co., Ltd. (中銀金融資產投資有限公司) ("**BOC Financial Asset**"), Jinshi Manufacturing Industry Transformation and Upgrading New Materials Fund (L.P.) (金石製造業轉型升級新材料基金(有限合夥)) ("**Jinshi Fund**"), Advanced Manufacturing Industry Investment Fund Phase II (L.P.) (先進製造產業投資基金二期(有限合夥)) ("**Advanced Manufacturing Industry**"), Hangzhou Yihong Equity Investment Partnership Enterprise (L.P.) (杭州毅鴻股權投資合夥企業(有限合夥)) ("**Hangzhou Yihong**"), Tianjin Dinghui Baijie Equity Investment Partnership Enterprise (L.P.) (天津鼎暉百頡股權投資合夥企業(有限合夥)) ("**Dinghui Baijie**"), Tianjin Jiahong No. 1 Green Venture Capital Fund Partnership Enterprise (L.P.) (天津嘉鴻壹號綠色創業投資基金合夥企業(有限合夥)) ("**Jiahong No. 1**"), Shanghai Zhizheng Enterprise Management Partnership Enterprise (L.P.) (上海置錚企業管理合夥企業(有限合夥)) ("**Shanghai Zhizheng**"), Hefei Chantou Xingchen Venture Capital Fund Partnership Enterprise (L.P.) (合肥產投興辰創業投資基金合夥企業(有限合夥)) ("**Chantou Xingchen**"), Gongqingcheng Ruijin Jinqu Venture Capital Partnership Enterprise (L.P.) (共青城銳進進取創業投資合夥企業(有限合夥)) ("**Ruijin Jinqu**"), Gongqingcheng Ruihe Jingchen Venture Capital Fund Partnership Enterprise (L.P.) (共青城睿和景辰創業投資基金合夥企業(有限合夥)) ("**Ruihe Jingchen**"), Gongqingcheng Shoujiantou Fenghe Hetai Venture Capital Partnership Enterprise (L.P.) (共青城首建投峰和和泰創業投資合夥企業(有限合夥)) ("**Fenghe Hetai**"), Zibo Zhongchuang Mileage No. 1 Investment Partnership (Enterprise) (L.P.) (淄博眾創里程一號投資合夥企業(有限合夥)) ("**Zhongchuang Mileage No. 1**"), Maxwell Technologies, Jingqian No. 2, Zhongbing Guodiao, Xiamen Xingneng Legend Venture Capital Partnership Enterprise (L.P.) (廈門星能傳奇創業投資合夥企業(有限合夥)) ("**Xingneng Legend**"), Qianfan Qihang No. 1, Borun Multi-Strategy, Dagong No. 6 Equity Investment Enterprise (L.P.) (珠海市大公六號股權投資企業(有限合夥)) ("**Dagong No. 6**"), Tongchuang Tongyun, and Zhuhai Hengqin Richu Haicheng Investment Partnership Enterprise (L.P.) (珠海橫琴日初海澄投資合夥企業(合夥企業)) ("**Richu Haicheng**").

* Xiamen Xingchen Dingsheng Investment Partnership Enterprise (L.P.) (廈門市興辰鼎盛投資合夥企業(有限合夥)) ("**Xingchen Dingsheng**"), Jiaxing Zhaoxu Equity Investment Partnership Enterprise (L.P.) (嘉興朝緒股權投資合夥企業(有限合夥)) ("**Jiaxing Zhaoxu**"), Xinyu Strategy Fenghe Zhichen Investment Management

Center (L.P.) (新餘方略峰和知辰投資管理中心(有限合夥)) ("**Fenghe Zhichen**"), Zhuhai Zhongyuan New Energy Partnership Enterprise (L.P.) (珠海眾遠新能源合夥企業(有限合夥)) ("**Zhongyuan New Energy**"), Zhuhai Zhongyuan Energy Storage Technology Partnership Enterprise (L.P.) (珠海眾遠儲能科技合夥企業(有限合夥)) ("**Zhongyuan Energy Storage**"), Runxia Zhaoying (Hubei) New Energy Industry Investment Fund Partnership Enterprise (L.P.) (潤峽招贏(湖北)新能源產業投資基金合夥企業(有限合夥)) ("**Runxia Zhaoying**"), Guangzhou Zhaoxin Wuji Equity Investment Partnership Enterprise (L.P.) (廣州市招信五暨股權投資合夥企業(有限合夥)) ("**Zhaoxin Wuji**"), Zhuhai Growth Gongying Venture Capital Fund (L.P.) (珠海市成長共贏創業投資基金(有限合夥)) ("**Growth Gongying**"), Richu Haicheng, Nanjing Jingweichuang No. 1 Investment Partnership Enterprise (L.P.) (南京經緯創壹號投資合夥企業(有限合夥)) ("**Jingweichuang No. 1**"), and Nanjing Jingweichuang No. 3 Investment Partnership Enterprise (L.P.) (南京經緯創叁號投資合夥企業(有限合夥)) ("**Jingweichuang No. 3**"), and Shenzhen Yinghe Technology Co., Ltd. (深圳市贏合科技股份有限公司) ("**Yinghe Technology**") became our [**REDACTED**] Investors through their acquisition of equity interests in the Company from existing [**REDACTED**] Investors.

Other Principal Terms of the [REDACTED] Investments

Basis of determination of the valuation and consideration	The considerations for each round of the [**REDACTED**] Investments were determined based on arm's length negotiations amongst the [**REDACTED**] Investors and our Group, as applicable after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Group, and the prospects of our business.
Lock-up period	Pursuant to PRC Company Law, Shares issued by our Company prior to the [**REDACTED**] (including those held by the [**REDACTED**] Investors) will be subject to a lock-up period of one year from the [**REDACTED**].
Use of proceeds from the [**REDACTED**] Investments	We have utilized the proceeds from the [**REDACTED**] Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all of the funds raised from the [**REDACTED**] Investments have been utilized.
Strategic benefits to our Company brought by the [**REDACTED**] Investors	At the time of the relevant [**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the [**REDACTED**] Investments in our Group and the knowledge and experience of the [**REDACTED**] Investors in the energy industry. The [**REDACTED**] Investments demonstrated the [**REDACTED**] Investors' confidence in the operation and development of our Group.

Special Rights of the [REDACTED] Investors

The [**REDACTED**] Investors were granted certain special rights, including but not limited to information rights, pre-emptive rights, redemption rights and anti-dilution rights. The redemption rights have either been terminated prior to the first filing of the [**REDACTED**], or have been suspended prior to such filing and will be terminated upon [**REDACTED**]. All other special rights have been or will be terminated before the [**REDACTED**] or upon [**REDACTED**].

Joint Sponsors' Confirmation

On the basis that (i) the [**REDACTED**] will take place no earlier than 120 clear days after the completion of the [**REDACTED**] Investments, and (ii) the special rights granted to the [**REDACTED**] Investors as disclosed in "— Special Rights of the [**REDACTED**] Investors" above have been terminated or suspended prior to the first filing of the [**REDACTED**] by our Company with the Stock Exchange and will be terminated upon [**REDACTED**], the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024.

Information of the [REDACTED] Investors

Set forth below are details for each of our top ten [**REDACTED**] Investors as to shareholdings. To the best knowledge of our Company and save as disclosed below, all of our [**REDACTED**] Investors, together with their respective ultimate beneficial owners, are Independent Third Parties.

Fenghe Capital entities

Fenghe Hetai, Hainan Fenghe Hechuang Equity Investment Fund Partnership Enterprise (L.P.) (海南峰和和創股權投資基金合夥企業(有限合夥)) ("**Fenghe Hechuang**"), Fenghe Zhihai, Fenghe Hejin, Fenghe Zhichen and Fenghe Fengrui (together with Fenghe Hetai, Fenghe Hechuang, Fenghe Zhihai, Fenghe Hejin and Fenghe Zhichen, the "**Fenghe Capital Entities**") are limited partnerships established in the PRC on May 5, 2023, May 27, 2022, December 13, 2021, July 19, 2022, December 13, 2021 and July 19, 2022, respectively.

The general partner of each of the Fenghe Capital Entities is Hainan Fenghe Private Equity Fund Management Co. Ltd. (海南峰和私募基金管理有限公司), a private equity investment institution focusing on new energy investments with assets under management of approximately RMB4.658 billion as of February 28, 2025, which is ultimately controlled by Lu Chengcheng (魯承誠) ("**Mr. Lu**"), a substantial shareholder of Hithium Chongqing. Mr. Lu has more than 20 years of experience in investment, management and capital markets. He has worked in several securities or listed companies and was mainly responsible for investment banking and capital markets work. In 2020, Mr. Lu started to serve at Shanghai Zhaoxi Investment Management Co., Ltd. (上海朝希投資管理有限公司) as a partner, mainly focusing on new energy, electronics and semiconductors sectors. Since December 2021, Mr. Lu has worked at Hainan Fenghe Private Equity Fund Management Co., Ltd. as its legal representative, general manager and executive director. Mr. Lu became acquainted with the Company in the process of identifying investment targets during his tenure as a partner of Shanghai Zhaoxi Investment Management Co., Ltd.

All of the limited partners of the Fenghe Capital Entities are individual or institutional investors which are Independent Third Parties. In particular, Fenghe Hetai is held as to approximately 47.07% and 44.05% by Chen Xuanyu (陳宣宇) and Yao Yuehong (姚悦鴻) as limited partners, respectively; Fenghe Hechuang is held as to approximately 49.30% by Yang Xinxin (楊新新) as limited partner; Fenghe Zhihai is held as to approximately 36.36% by Chengdu Dingyixing Enterprise Management Partnership Enterprise (L.P.) (成都鼎益興企業管理合夥企業(有限合夥)) as limited partner; and Fenghe Hejin is held as to approximately 73.79% by Xiamen Weber Huatong Investment Partnership Enterprise (L.P.) (廈門韋伯華通投資合夥企業(有限合夥)) as limited partner. Save as disclosed above, each of the other [38] limited partners of the Fenghe Capital Entities hold less than 30% partnership interests in any of the Fenghe Capital Entities.

SparkEdge Capital entities

Jiaxing Zhaoshi, Jiaxing Zhaoxu, Jiaxing Zhaojie, Jiaxing Zhaoyi, Ningbo Hexi and Ningbo Yuanxi (together with Jiaxing Zhaoshi, Jiaxing Zhaoxu, Jiaxing Zhaojie, Jiaxing Zhaoyi and Ningbo Hexi, the "**SparkEdge Capital Entities**") are limited partnerships established in the PRC on November 29, 2021, November 29, 2021, April 20, 2022, April 20, 2022, December 21, 2017 and March 28, 2018, respectively.

The general partner of each of the SparkEdge Capital Entities is Shanghai Sparkedge Private Equity Fund Management Co., Ltd. (上海朝希私募基金管理有限公司), an investment institution specializing in new energy and electronic semiconductor sectors. Lu Chengcheng (魯承誠), a substantial shareholder of Hithium Chongqing, holds 46.85% limited partnership interests in Ningbo Yuanxi. Save as disclosed above, the limited partners of the SparkEdge Capital Entities comprise individual and institutional investors, which are all Independent Third Parties. In particular, Jiaxing Zhaoshi is held as to approximately 30.07% by Yancheng Zhaoxi Puxin Equity Investment Partnership Enterprise (L.P.) (鹽城朝希璞信股權投資合夥企業(有限合夥)) as limited partner; Jiaxing Zhaoxu is held as to approximately 62.49% by GoodWe Technologies Co., Ltd. (固德威技術股份有限公司), a new energy company listed on the Shanghai Stock Exchange (stock code: 688390), as limited partner; Jiaxing Zhaojie is held as to approximately 98.04% by Liu Bing (劉兵) as limited partner; Jiaxing Zhaoyi is held as to approximately 42.54% by Liu Jianfeng (劉劍鋒) as limited partner; and Ningbo Hexi is held as to approximately 41.48% and 35.03% by Shenzhen Lingyi Technology Supply Chain Management Co., Ltd. (深圳市領懿科技供應鏈管理有限公司) and Zhou Jian (周劍), respectively. The other limited partners of the SparkEdge Capital Entities all held less than 30% partnership interests in any of the SparkEdge Capital Entities.

Shanghai SparkEdge Private Equity Fund Management Co., Ltd. is held as to 80% by Shanghai Zhaoxi Investment Management Co., Ltd., which is held as to 55% and 45% by Shanghai Ceyun Enterprise Management Consulting Co., Ltd. (上海策韻企業管理諮詢有限公司) and Shanghai Guangtong Yicheng Enterprise Management Consulting Co., Ltd. (上海廣通億成企業管理諮詢有限公司), respectively. Shanghai Ceyun Enterprise Management Consulting Co., Ltd. is held as to 99% by Zhang Linfu (張林甫), Shanghai Guangtong Yicheng Enterprise Management Consulting Co., Ltd. is wholly-owned by Liu Jie (劉傑), and each of Zhang Linfu (張林甫) and Liu Jie (劉傑) is an Independent Third Party.

Qianfan Qihang No. 1 and Nongying Qianfan Qihang

Qianfan Qihang No. 1 and Nongying Qianfan Qihang (together with Qianfan Qihang No. 1, the "**Qianfan Qihang Entities**") are limited partnerships established in the PRC on November 29, 2021 and August 16, 2022, respectively.

Qianfan Qihang No. 1 is managed by ABC Energy Investment Fund Management Co., Ltd. (農銀能投(北京)投資基金管理有限公司) and Shenzhen Investment Holdings Capital Co. Ltd. (深圳市控投資本有限公司) as general partners, the latter of which is ultimately controlled by the Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission (深圳市人民政府國有資產監督管理委員會) ("**Shenzhen SASAC**"). Qianfan Qihang No. 1 is also held as to approximately 44% by Shenzhen Investment Control Bay Area Equity Investment Fund Partnership Enterprise (L.P.) (深圳投控灣區股權投資基金合夥企業(有限合夥)), which is ultimately controlled by the Shenzhen SASAC, as limited partner.

Nongying Qianfan Qihang is managed by ABC Energy Investment Fund Management Co., Ltd. and Century Tengyun Investment Management Co., Ltd. (世紀騰雲投資管理有限公司) as general partners, the latter of which is ultimately controlled as to 60% and 40% by Huang Tao (黃濤) and Huang Shiying (黃世熒), each of whom is an Independent Third Party. Nongying Qianfan Qihang is also held as to approximately 38.21% by Agricultural Bank of China Wuxi Investment Consulting Co., Ltd. (農銀無錫投資諮詢有限公司) as limited partner.

Save as disclosed above, all the other [13] limited partners of Qianfan Qihang No. 1 and Nongying Qianfan Qihang hold less than 30% partnership interests.

ABC Energy Investment Fund Management Co., Ltd. is indirectly wholly-owned by Agricultural Bank of China, a commercial bank whose shares are listed on the Shanghai Stock Exchange (stock code: 601288) and the Stock Exchange (stock code: 1288).

Zhongyuan New Energy and Zhongyuan Energy Storage

Zhongyuan New Energy and Zhongyuan Energy Storage (together with Zhongyuan New Energy, the "**Zhongyuan Energy Entities**") are limited partnerships established in the PRC on August 23, 2021 and September 20, 2023, respectively.

Wang Jingdong (望靖東), an Independent Third Party, is the general partner holding 2.00% and 99.90% partnership interests of Zhongyuan New Energy and Zhongyuan Energy Storage, respectively. Zhongyuan New Energy is also held by individual and institutional investors, namely Duan Xiufeng (段秀峰) who holds 60% limited partnership interests, and nine other limited partners who hold under 15% partnership interests each, whilst Wang Zicheng (望子成) is the sole limited partner of Zhongyuan Energy Storage holding 0.10% partnership interests. All the limited partners of Zhongyuan New Energy and Zhongyuan Energy Storage are Independent Third Parties.

Jingweichuang No. 1 and Jingweichuang No. 3

Jingweichuang No. 1 and Jingweichuang No. 3 (together, the "**MPC Entities**") are limited partnerships established in the PRC on March 29, 2021 and February 10, 2021, respectively.

The general partner of Jingweichuang No. 1 and Jingweichuang No. 3 is Nanjing Jingwei Jiangchuang Investment Management Partnership Enterprise (L.P.) (南京經緯江創投資管理合夥企業(有限合夥)), whose general partner is Nanjing Jingwei Jingbei Investment Management Co., Ltd. (南京經緯旌北投資管理有限公司). Nanjing Jingwei Jingbei Investment Management Co., Ltd. is held as to 49%, 26% and 25% by Wang Huadong (王華東), Xiao Ping (肖萍) and Xu Li (徐莉), respectively. Xiao Ping (肖萍) also holds 46.34% limited partnership interests in Nanjing Jingwei Jiangchuang Investment Management Partnership Enterprise (L.P.). Each of Wang Huadong (王華東), Xiao Ping (肖萍) and Xu Li (徐莉) is an Independent Third Party.

The [38] other limited partners of the MPC Entities are institutional investors which hold less than 30% partnership interests in either Jingweichuang No. 1 or Jingweichuang No. 3, and they are all Independent Third Parties.

Xingchen Dingsheng

Xingchen Dingsheng is a limited partnership established in the PRC on November 22, 2021 which is engaged in investment activities. It is held as to 64.62% by its general partner, Lu Rongxing (盧榮興), and 30.00% and 5.38% by its limited partners, Lu Rongzhi (盧榮智) and Qiu Lifen (邱麗芬), respectively, with each of the abovementioned individuals being an Independent Third Party.

Maxwell Technologies

Maxwell Technologies is a joint stock company established in the PRC on September 8, 2010, which primarily focuses on the three major industries of solar photovoltaics, displays and semiconductors, and relies on the three key technological platforms of vacuum, laser and precision equipment to research and develop, manufacture and sell intelligent high-end equipment. Its shares are listed on the Shenzhen Stock Exchange (stock code: 300751).

Shifeng Shengtong

Xiamen Shifeng Shengtong Investment Partnership Enterprise (L.P.) (廈門事豐晟通投資合夥企業(有限合夥)) ("**Shifeng Shengtong**") is a limited partnership established in the PRC on November 3, 2020. Its general partner is Li Chunsheng (李春生), an Independent Third Party, and Gongqingcheng Junsheng Yuanhai Venture Capital Partnership Enterprise (L.P.) (共青城君盛元海創業投資合夥企業(有限合夥)), Xiamen Ruijin Jinqu Equity Investment Fund Partnership Enterprise (L.P.) (廈門銳進進取股權投資基金合夥企業(有限合夥)), Quanzhou Yinshi Energy Storage No. 1 Equity Investment Partnership Enterprise (L.P.) (泉州因時儲能壹號股權投資合夥企業(有限合夥)) and Gongqingcheng Fenghe Fengyuan Venture Capital

Partnership Enterprise (L.P.) (共青城峰和峰遠創業投資合夥企業(有限合夥)) hold 33.33%, 21.01%, 20.40% and 20.40% limited partnership interests, respectively. None of the other three limited partners of Shifeng Shengtong hold more than 10% interests in the partnership. All the limited partners of Shifeng Shengtong are Independent Third Parties.

Huixin No. 1

Xiamen Huixin No. 1 Investment Partnership Enterprise (L.P.) (廈門匯鑫壹號投資合夥企業(有限合夥)) ("**Huixin No. 1**") is a limited partnership established in the PRC on November 4, 2020 which is primarily engaged in investment activities. Its general partner is Shi Qiuxiang (石求祥). Save for Liu Denghua (劉登華), a limited partner who holds 11.11% partnership interests, all the other 25 limited partners of Huixin No. 1 hold less than 10% partnership interests, and all the partners of Huixin No. 1 are Independent Third Parties.

Envoglin No. 1

Envoglin No. 1 is a limited partnership established in the PRC on February 4, 2021, whose general partner and limited partner are Xiamen Envoglin Equity Investment Co., Ltd. (廈門恩沃格林股權投資有限公司) and Xiamen Xinghe Xingrong Investment Partnership (L.P.) (廈門星河星融投資合夥企業(有限合夥)), holding 1% and 99% partnership interests, respectively.

Xiamen Envoglin Equity Investment Co., Ltd. is held as to (i) 69.50% by Xiamen Envo Hanbang Consulting Management Co., Ltd. (廈門恩沃漢邦諮詢管理有限公司), which is held as to 95% by Chen Yan (陳豔) and 5% by Yan Mengqiang (嚴孟強), both of whom are Independent Third Parties, (ii) 26.00% by Xiamen Envo Chengcheng Investment Partnership Enterprise (L.P.) (廈門恩沃成城投資合夥企業(有限合夥)), which is ultimately controlled by Lin Jiajing (林家景), an Independent Third Party, and (iii) 4.50% by Xiamen Pengcen Consulting Management Co., Ltd. (廈門鵬岑諮詢管理有限公司), which is wholly-owned by Su Changpeng (蘇昌鵬), an Independent Third Party.

Hithium New Energy

Hithium New Energy is a limited partnership established in the PRC on November 17, 2020, which is primarily engaged in domestic trade agency, information technology consulting services and financial consulting. Its general partner is Zhuang Peicong (莊培琮), and its limited partners include Liu Denghua (劉登華), Xiamen Xingchen Hongding Investment Partnership Enterprise (L.P.) (廈門市興辰宏鼎投資合夥企業(有限合夥)) and Wu Jiahao (吳嘉豪), holding 44.45%, 17.00% and 10.82% partnership interests, respectively. All other six limited partners of Hithium New Energy each hold less than 10% partnership interests, and each of the general partner and limited partners of Hithium New Energy is an Independent Third Party.

PREVIOUS LISTING ATTEMPT

In July 2023, we entered into a pre-listing tutoring agreement with Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), to receive guidance on our potential A-share listing in the PRC. We made an A-share listing guidance filing with Xiamen Securities Regulatory Bureau (廈門證監局) on July 3, 2023.

Having considered that a [**REDACTED**] on the Stock Exchange would allow our Company to (a) have an international platform to promote our market awareness worldwide, (b) gain access to international capital and optimize our capital structure, and (c) further raise our market profile and help us to attract international talents, and with reference to our latest corporate development strategies, we terminated our A-share listing preparation and did not proceed with making an A-share listing application.

Our Directors confirm that, to their best knowledge, there are no other material matters relating to the A-share listing attempt that would affect the Company's suitability for [**REDACTED**] on the Stock Exchange and are necessary to be disclosed in this Document for [**REDACTED**] to make an informed assessment of our Company.

Based on the due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to disagree with the Directors' view above.

CAPITALIZATION

Our Company [has applied] for H-share full circulation to convert certain Unlisted Shares into H Shares after the [**REDACTED**]. The conversion of Unlisted Shares into H Shares will involve an aggregate of [**REDACTED**] Unlisted Shares, representing approximately [**REDACTED**]% of the total issued share capital of the Company as of the Latest Practicable Date.

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and [**REDACTED**] Unlisted Shares are converted into H Shares):

	As of the date of this Document		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Number of Unlisted Shares held**	**Approximate percentage of shareholding in the Company**	**Number of Unlisted Shares held**	**Number of H Shares held**	**Approximate percentage of shareholding in the Company**
Hithium Technology	318,500,000	29.09%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Hithium Zhicheng[(1)]	50,000,000	4.57%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Hithium Chuangxiang[(1)]	46,000,000	4.20%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Fenghe Hetai[(2)]	29,586,438	2.70%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Xingchen Dingsheng[(2)]	28,888,890	2.64%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Maxwell Technologies[(2)]	28,491,166	2.60%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Haichuang No. 7[(1)]	25,500,000	2.33%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Shifeng Shengtong[(2)]	25,000,000	2.28%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Huixin No. 1[(2)]	25,000,000	2.28%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Jingweichuang No. 1[(2)]	22,674,389	2.07%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Envoglin No. 1[(2)]	22,222,220	2.03%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Hithium New Energy[(2)]	22,222,220	2.03%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Zhongyuan New Energy[(2)]	22,222,220	2.03%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Beijing Ruiyi	21,754,734	1.99%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
BOC Financial Asset	21,754,734	1.99%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Qianfan Qihang No.1[(2)]	19,243,823	1.76%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Guoshou Chengda	17,403,787	1.59%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Nongying Qianfan Qihang[(2)]	17,013,114	1.55%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Jiaxing Zhaoshi[(2)]	14,410,051	1.32%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Jinshi Fund	13,052,840	1.19%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Ningbo Hexi[(2)]	12,666,665	1.16%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Dagong No. 4[(3)]	12,222,220	1.12%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Zhongchuang Mileage No. 1[(4)]	11,965,104	1.09%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%

Name of Shareholder	As of the date of this Document		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
	Number of Unlisted Shares held	Approximate percentage of shareholding in the Company	Number of Unlisted Shares held	Number of H Shares held	Approximate percentage of shareholding in the Company
Zhongyuan Energy Storage[2]	10,714,286	0.98%	[REDACTED]	[REDACTED]	[REDACTED]%
Chuangyi Shengtun[5]	10,633,196	0.97%	[REDACTED]	[REDACTED]	[REDACTED]%
Haichuang No. 1[1]	10,500,000	0.96%	[REDACTED]	[REDACTED]	[REDACTED]%
Advanced Manufacturing Industry	8,701,893	0.79%	[REDACTED]	[REDACTED]	[REDACTED]%
Dinghui Baijie	8,701,893	0.79%	[REDACTED]	[REDACTED]	[REDACTED]%
Jiahong No. 1	8,701,893	0.79%	[REDACTED]	[REDACTED]	[REDACTED]%
Suzhou Xinderui	8,527,474	0.78%	[REDACTED]	[REDACTED]	[REDACTED]%
Chongqing Manufacturing[6]	7,974,897	0.73%	[REDACTED]	[REDACTED]	[REDACTED]%
Jianxin Navigation[6]	7,974,897	0.73%	[REDACTED]	[REDACTED]	[REDACTED]%
Changqing Hairong	7,974,897	0.73%	[REDACTED]	[REDACTED]	[REDACTED]%
Chengxin Lithium[5]	7,759,260	0.71%	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai Zhizheng	7,396,609	0.68%	[REDACTED]	[REDACTED]	[REDACTED]%
Borun Multi-Strategy	7,050,706	0.64%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhongbing Guodiao	7,009,246	0.64%	[REDACTED]	[REDACTED]	[REDACTED]%
Jingweichuang No. 3[2]	6,595,467	0.60%	[REDACTED]	[REDACTED]	[REDACTED]%
Richu Haicheng	6,404,335	0.59%	[REDACTED]	[REDACTED]	[REDACTED]%
Jiaxing Zhaoxu[2]	6,389,970	0.58%	[REDACTED]	[REDACTED]	[REDACTED]%
Tongchuang Tongyun	6,225,662	0.57%	[REDACTED]	[REDACTED]	[REDACTED]%
Haichuang No. 6[1]	6,125,000	0.56%	[REDACTED]	[REDACTED]	[REDACTED]%
Hangzhou Yihong	5,729,103	0.52%	[REDACTED]	[REDACTED]	[REDACTED]%
Furun Century	5,542,327	0.51%	[REDACTED]	[REDACTED]	[REDACTED]%
Fenghe Zhihai[2]	5,542,327	0.51%	[REDACTED]	[REDACTED]	[REDACTED]%
Bixin Zetian	5,542,327	0.51%	[REDACTED]	[REDACTED]	[REDACTED]%
Runxia Zhaoying[7]	5,536,791	0.51%	[REDACTED]	[REDACTED]	[REDACTED]%
Fenghe Hechuang[2]	5,500,000	0.50%	[REDACTED]	[REDACTED]	[REDACTED]%
Fenghe Hejin[2]	5,476,092	0.50%	[REDACTED]	[REDACTED]	[REDACTED]%
Fenghe Zhichen[2]	5,111,980	0.47%	[REDACTED]	[REDACTED]	[REDACTED]%

Name of Shareholder	As of the date of this Document		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
	Number of Unlisted Shares held	Approximate percentage of shareholding in the Company	Number of Unlisted Shares held	Number of H Shares held	Approximate percentage of shareholding in the Company
Haichuang No. 5[(1)]	5,060,000	0.46%	[REDACTED]	[REDACTED]	[REDACTED]%
Xiamen Junyoudao Investment Partnership Enterprise (L.P.) (廈門君有道投資合夥企業(有限合夥))	5,000,000	0.46%	[REDACTED]	[REDACTED]	[REDACTED]%
Haichuang No. 2[(1)]	4,400,000	0.40%	[REDACTED]	[REDACTED]	[REDACTED]%
Chantou Xingchen	4,350,947	0.40%	[REDACTED]	[REDACTED]	[REDACTED]%
Ruijin Jinqu	4,350,947	0.40%	[REDACTED]	[REDACTED]	[REDACTED]%
Xingneng Legend	4,350,947	0.40%	[REDACTED]	[REDACTED]	[REDACTED]%
Ruihe Jingchen	4,133,400	0.38%	[REDACTED]	[REDACTED]	[REDACTED]%
Juchen Yuxin	3,721,619	0.34%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhongchuang Hithium	2,894,705	0.26%	[REDACTED]	[REDACTED]	[REDACTED]%
Xiamen Hithium Haichuang No. 3 Investment Partnership Enterprise (L.P.) (廈門海辰海創三號投資合夥企業(有限合夥))[(1)]	2,690,000	0.25%	[REDACTED]	[REDACTED]	[REDACTED]%
Ningbo Aoxing	2,658,299	0.24%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhongchuang Green No. 3[(4)]	2,658,299	0.24%	[REDACTED]	[REDACTED]	[REDACTED]%
Guofa Jianfu[(8)]	2,503,582	0.23%	[REDACTED]	[REDACTED]	[REDACTED]%
Jiaxing Zhaojie[(2)]	2,498,800	0.23%	[REDACTED]	[REDACTED]	[REDACTED]%
Ningbo Yuanxi[(2)]	2,444,445	0.22%	[REDACTED]	[REDACTED]	[REDACTED]%
Jiaxing Zhaoyi[(2)]	2,286,133	0.21%	[REDACTED]	[REDACTED]	[REDACTED]%
Hetai Development	2,216,934	0.20%	[REDACTED]	[REDACTED]	[REDACTED]%
BTR[(8)]	2,216,934	0.20%	[REDACTED]	[REDACTED]	[REDACTED]%
Dagong No. 6[(3)]	2,175,473	0.20%	[REDACTED]	[REDACTED]	[REDACTED]%
Fenghe Fengrui[(2)]	1,754,473	0.16%	[REDACTED]	[REDACTED]	[REDACTED]%
Beijing Jiesi Jincai Technology Co., Ltd. (北京杰思金財科技有限公司)	1,703,755	0.16%	[REDACTED]	[REDACTED]	[REDACTED]%

Name of Shareholder	As of the date of this Document		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
	Number of Unlisted Shares held	Approximate percentage of shareholding in the Company	Number of Unlisted Shares held	Number of H Shares held	Approximate percentage of shareholding in the Company
Zhaoxin Wuji[7]	1,690,939	0.15%	[REDACTED]	[REDACTED]	[REDACTED]%
Yinghe Technology	1,269,035	0.12%	[REDACTED]	[REDACTED]	[REDACTED]%
Xiamen Hithium Haichuang No. 4 Investment Partnership Enterprise (L.P.) (廈門海辰海創四號投資合夥企業(有限合夥))[1]	1,225,000	0.11%	[REDACTED]	[REDACTED]	[REDACTED]%
Shenzhen Liandao Ruiyuan Investment Partnership Enterprise (L.P.) (深圳市聯道睿遠投資合夥企業(有限合夥))	821,816	0.08%	[REDACTED]	[REDACTED]	[REDACTED]%
Growth Gongying	531,531	0.05%	[REDACTED]	[REDACTED]	[REDACTED]%
[REDACTED] taking part in the [REDACTED]	–	–	[REDACTED]	[REDACTED]	[REDACTED]%
Total	**1,094,745,156**	**100.00%**	[REDACTED]	[REDACTED]	**[100.00]%**

Notes:

(1) All being our ESOP Platforms, for more details, please refer to "— Employee Shareholding Platforms" above.

(2) For more information about the major [**REDACTED**] Investors, please refer to "— Information of the [**REDACTED**] Investors" above.

(3) Dagong No. 4 and Dagong No. 6 are both managed by their general partner, Shenzhen Dagong Capital Investment Management Co., Ltd. (深圳市大公資本投資管理有限責任公司).

(4) Zhongchuang Mileage No. 1 and Zhongchuang Green No. 3 are both managed by their general partner, Qianhai Zhongchuang Capital Management (Shenzhen) Co., Ltd. (前海眾創資本管理(深圳)有限公司).

(5) Chuangyi Shengtun is ultimately controlled by Shenzhen Shengtun Group Co., Ltd. (深圳盛屯集團有限公司), which is also a controlling shareholder of Chengxin Lithium, a company listed on the Shenzhen Stock Exchange (stock code: 002240).

(6) Chongqing Manufacturing and Jianxin Navigation are both managed by CCB Private Equity Investment Management Co., Ltd. (建信股權投資管理有限責任公司).

(7) Runxia Zhaoying and Zhaoxin Wuji are both controlled by China Merchants Bank Co., Ltd. (招商銀行股份有限公司).

(8) Guofa Jianfu and BTR are subsidiaries controlled by China Baoan Group Co., Ltd. (中國寶安集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000009).

PUBLIC FLOAT

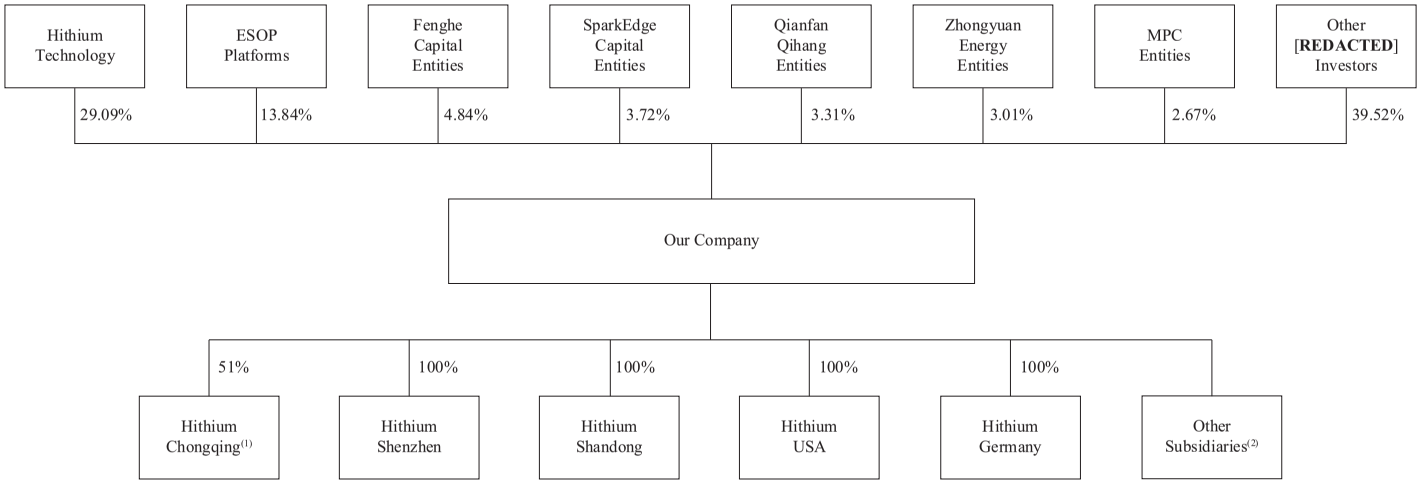
Following the conversion of Unlisted Shares into H Shares and upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), (i) Hithium Technology, one of our Single Largest Shareholders, (ii) the Fenghe Capital Entities, which are controlled by a substantial shareholder of one of our subsidiaries, and (iii) Hithium Zhicheng, the general partner of which is Mr. Pang Wenjie, our executive Director and deputy general manager, will be deemed as our core connected persons and a total of [**REDACTED**] Shares held by them, representing [**REDACTED**]% of our total issued Shares, will not be counted towards the public float.

To the best knowledge of our Directors, upon the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, [**REDACTED**] H Shares are expected to be held by our existing Shareholders who are not our core connected persons, which will be counted towards the public float.

Based on the above, it is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the total number of [**REDACTED**] H Shares held by the [**REDACTED**] (including [**REDACTED**] H Shares which are expected to be held by our existing Shareholders who are not our core connected persons as mentioned above, and [**REDACTED**] H Shares to be issued in the [**REDACTED**]) represents approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**].

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately prior to the completion of the **[REDACTED]**:



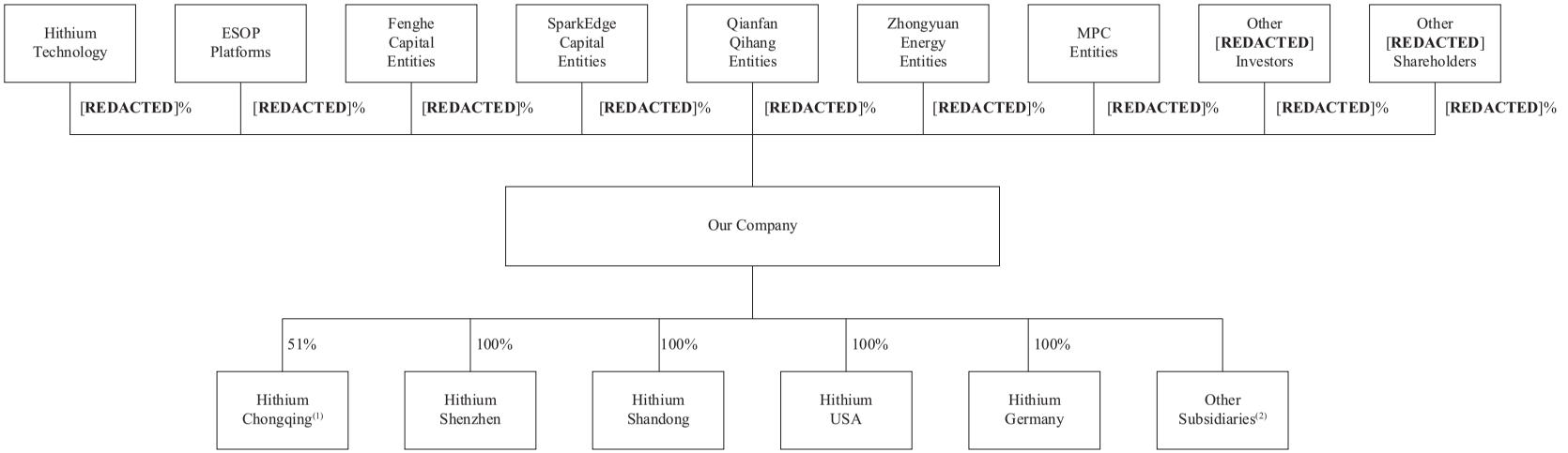
Notes:

(1) Hithium Chongqing is held as to 51.00%, 26.78% and 22.22% by our Company, Chongqing Penglong Equity Investment Fund Partnership Enterprise (L.P.) (重慶鵬龍股權投資基金合夥企業(有限合夥)) and Chongqing Haitong Fenghe Energy Storage Industry Private Equity Investment Fund Partnership Enterprise (L.P.) (重慶海銅峰和儲能產業私募股權投資基金合夥企業(有限合夥)), respectively. Chongqing Penglong Equity Investment Fund Partnership Enterprise (L.P.) is controlled by the Chongqing Tongliang State-owned Assets Supervision and Administration Commission (重慶市銅梁區國有資產監督管理委員會) and Chongqing Haitong Fenghe Energy Storage Industry Private Equity Investment Fund Partnership Enterprise (L.P.) is controlled by Lu Chengcheng (魯承誠) , a substantial shareholder of Hithium Chongqing and our connected person.

(2) Including other subsidiaries which are wholly-owned or non wholly-owned by our Company.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Note: Please refer to notes under the section headed "— Shareholding and Corporate Structure Immediately Prior to the Completion of the [**REDACTED**]."

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%.

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.

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.

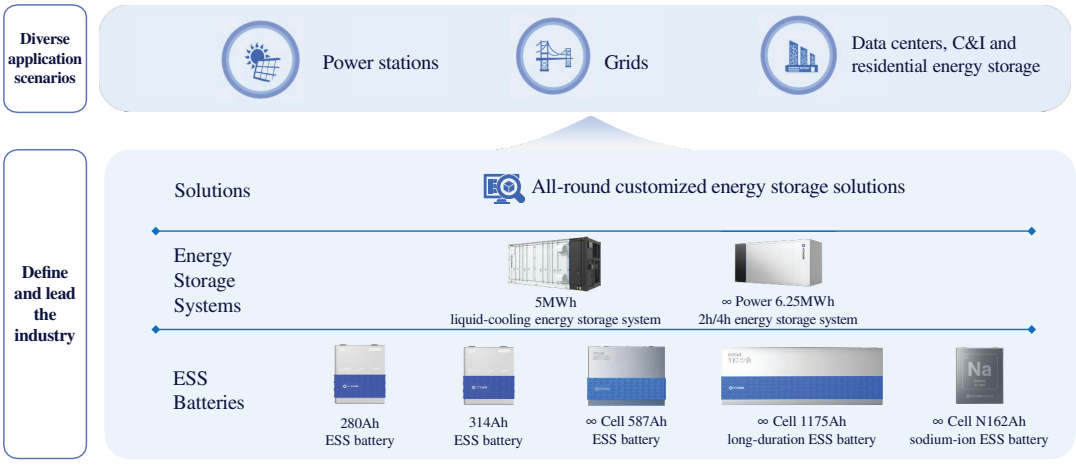
Our Products and Solutions

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.

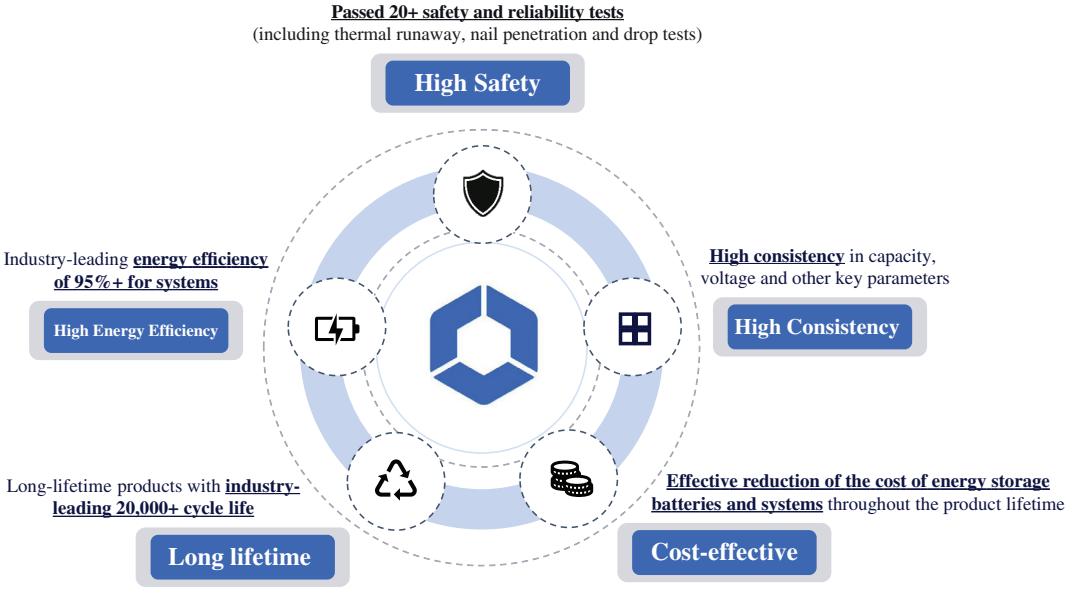
- ***Energy Storage Systems.*** On top of ESS batteries, we provide all-round energy storage systems with leading capabilities that can be applied in power stations, grids, data centers, commercial and industrial, and residential scenarios. Our energy storage system technological and product R&D investment 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.



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.



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."

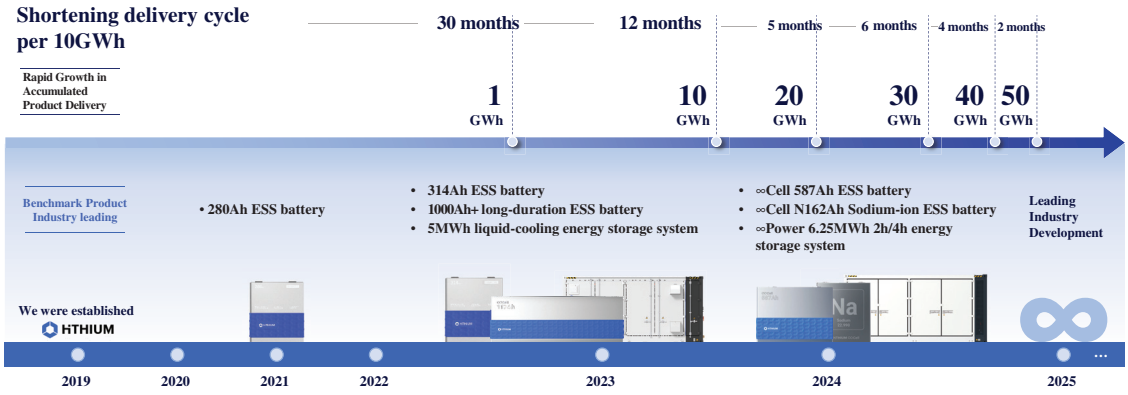
Our Global Footprint

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.



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

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.

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

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.

- ***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.

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

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.

- ***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.

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.

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

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.

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.

The following table sets forth the components of our revenue, gross profit and gross margin by product type for the year/period indicated.

	For the year ended December 31,												For the six months ended June 30,							
	2022				2023				2024				2024				2025			
	Revenue	%	Gross Profit	Gross Margin	Revenue	%	Gross Profit	Gross Margin	Revenue	%	Gross Profit	Gross Margin	Revenue	%	Gross Profit	Gross Margin	Revenue	%	Gross Profit	Gross Margin
	(RMB in thousands, except percentages)																			
ESS batteries	2,538,320	70.2	272,282	10.7	7,957,162	78.0	993,269	12.5	7,960,613	61.6	719,258	9.0	1,871,585	87.1	60,319	3.2	5,449,273	78.2	526,629	9.7
Energy storage systems	909,493	25.2	136,436	15.0	1,973,217	19.3	261,192	13.2	4,670,503	36.2	1,573,719	33.7	168,704	7.9	18,862	11.2	1,279,217	18.3	380,048	29.7
Materials and others	167,076	4.6	1,571	0.9	271,449	2.7	(16,615)	(6.1)	285,641	2.2	15,583	5.5	107,277	5.0	(1,090)	(1.0)	242,722	3.5	9,662	4.0
Total	**3,614,889**	**100.0**	**410,289**	**11.3**	**10,201,828**	**100.0**	**1,237,846**	**12.1**	**12,916,757**	**100.0**	**2,308,560**	**17.9**	**2,147,566**	**100**	**78,091**	**3.6**	**6,971,212**	**100**	**916,339**	**13.1**

Leveraging our leading position in the China market, we have also been rapidly expanding into overseas markets. As of the Latest Practicable Date, we have established market presence across countries and regions including key global markets such as China, the United States and Europe, and actively exploring emerging markets in the Middle East, Africa, Oceania and South America. The following table sets forth the breakdown of our revenue, gross profit and gross margin by geographic region for the year/period indicated.

	For the year ended December 31,												For the six months ended June 30,							
	2022				2023				2024				2024				2025			
	Revenue	%	Gross Profit	Gross Profit Margin	Revenue	%	Gross Profit	Gross Profit Margin	Revenue	%	Gross Profit	Gross Profit Margin	Revenue	%	Gross Profit	Gross Profit Margin	Revenue	%	Gross Profit	Gross Profit Margin
	(RMB in thousands, except percentages)																			
Mainland China	**3,614,856**	**100.0**	**410,276**	**11.3**	**10,100,713**	**99.0**	**1,205,619**	**11.9**	**9,216,616**	**71.4**	**744,752**	**8.1**	**2,076,889**	**96.7**	**53,563**	**2.6**	**5,750,262**	**82.5**	**544,273**	**9.5**
The United States	17	0.0	8.9	52.4	537	0.0	15	2.8	3,385,597	26.2	1,456,296	43.0	6	0.0	0[2]	1.7	821,119	11.8	299,664	36.5
Others[1]	16	0.0	4.1	25.6	100,578	1.0	32,212	32.0	314,544	2.4	107,512	34.2	70,671	3.3	24,528	34.7	399,831	5.7	72,402	18.1
Total	**3,614,889**	**100.0**	**410,289**	**11.3**	**10,201,828**	**100.0**	**1,237,846**	**12.1**	**12,916,757**	**100.0**	**2,308,560**	**17.9**	**2,147,566**	**100**	**78,091**	**3.6**	**6,971,212**	**100**	**916,339**	**13.1**

Note:

(1) Other overseas markets primarily include Europe, the Middle East, Africa, Australia and Asia excluding mainland China.

(2) Represents amount less than RMB500.

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.

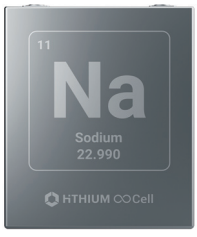
Current Flagship Products

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.

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
∞*Cell* 587Ah	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.
∞*Cell* 1175Ah	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.
∞*Cell* N162Ah 	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.

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.

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.

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

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.

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.

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 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

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.

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.

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.

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.

ESS Batteries

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

			Effective Annual/Semi-annual Production Capacity (GWh)[1]				Production Volume (GWh)				Utilization Rate (%)[2]			
Base	Location	Site area (sq.m.)	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.

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."

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	Vacuuming 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.

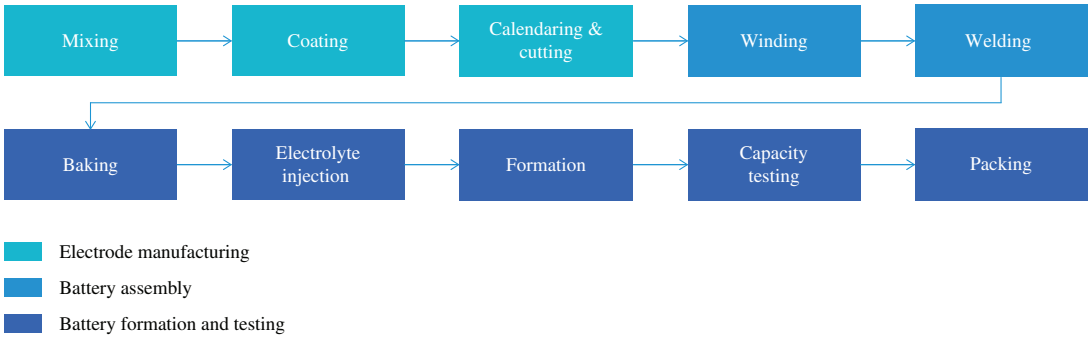
- To further bolster our international presence, we have established a production base in Texas, the U.S., with a site area of 484,441 sq.ft. (approximately 45,006.04 sq.m.), and designed annual production capacity of approximately 10GWh of energy storage systems. As of the Latest Practicable Date, the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



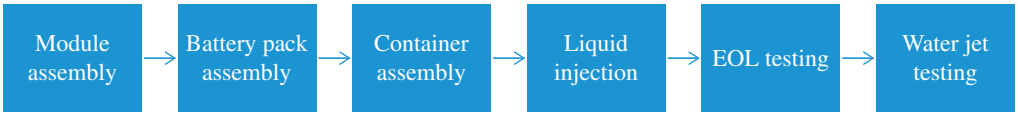
1. **Electrode manufacturing:** In the mixing process, various raw materials (including active substances, solvents, conductive agents and adhesives) are accurately measured and automatically transferred to the mixer for mixing to produce uniform and stable electrode slurry. In the coating process, the 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.

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.

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.

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

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.

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."

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.

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	% of total purchase amount	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		*(RMB in thousands)*				
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

Year ended December 31, 2023

No.	Supplier	Business scope	Country	Registered capital	Products provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		*(RMB in thousands)*				
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

						Year ended December 31, 2024				
No.	Supplier	Business scope	Country	Registered capital	Products provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		*(RMB in thousands)*				
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

						Six months ended June 30, 2025				
No.	Supplier	Business scope	Country	Registered capital	Products provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		*(RMB in thousands)*				
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

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.

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.

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.

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."

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	% of total revenue	Year of commencement of business relationship with us	Credit terms	Payment method
				(RMB)		*(RMB in thousands)*				
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	2,173,560,162	ESS batteries	348,105	9.6%	2021	15-45 days	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	30 days	Wire transfers and negotiable instruments

						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

						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

						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)*				
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

					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 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

					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

No.	Customer	Business scope	Country	Registered capital	Products purchased from us	Year ended December 31, 2024				
						Sales amount	% of total revenue	Year of commencement of business relationship with us	Credit terms	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

						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
				(RMB)		*(RMB in thousands)*				
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

					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
				(RMB)		*(RMB in thousands)*				
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

						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)*				
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

						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

						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

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.

- **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

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."

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.

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

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

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.

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

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.

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.

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.

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:

Function	Number of employees	Percentage of total employees
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	**7,765**	**100.0%**

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.

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.

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."

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

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.

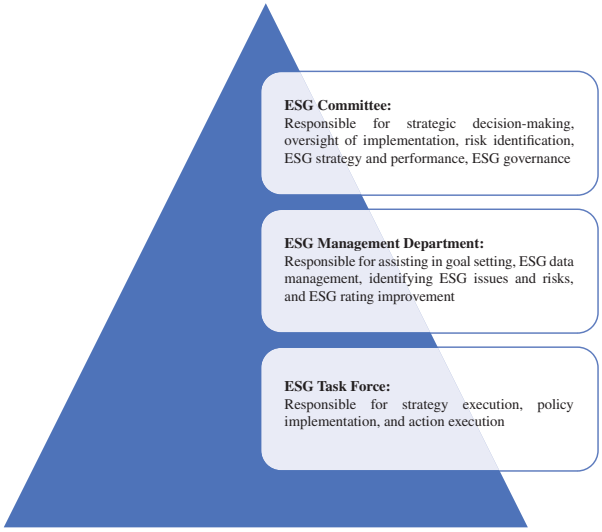
Background of Our Strategy and Sustainable Development Committee

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.

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

Position	Name	Gender	Role/Responsibilities	Industry/ Professional Background
Chairperson	Wu Zuyu (吳祖鈺)	Male	Chairman	New Energy, R&D
Member	Wang Pengcheng (王鹏程)	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.

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.

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.

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.

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.

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.

- **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.

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 CO_2 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 CO_2 equivalent/GWh, respectively.

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 (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3), 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 ("**NOx**")/sulfur oxides ("**SOx**") per sales volume in air emissions compared to the base year of 2023 by 2025; (ii) a reduction of 20% in NOx/SOx emissions per sales volume in air emissions compared to the base year of 2023 by 2028; (iii) accomplishing a reduction of 50% in NOx/SOx 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.

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.

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 m^3/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.

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.

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,

(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.

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.

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.

License/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
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

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."

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;

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.

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.

- 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.

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

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.

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.

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.

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.

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.

BOARD OF DIRECTORS

Our Board comprises seven Directors, including four executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets out key information about our Directors.

Name	Age	Position/Title	Time of Joining our Company	Date of Appointment as a Director	Responsibilities
Executive Directors					
Mr. Wu Zuyu (吳祖鈺)	39	Chairman of the Board and executive Director	December 2019	May 2021	Responsible for the Company's overall strategic planning and operational decisions
Mr. Wang Pengcheng (王鵬程)	45	Executive Director and chief executive officer	December 2019	August 2022	Responsible for the overall day-to-day management of the Company
Dr. Yi Ziqi (易梓琦)	36	Executive Director and deputy general manager	January 2020	August 2022	Responsible for the technology management of the Company
Mr. Pang Wenjie (龐文傑)	36	Executive Director and deputy general manager	April 2020	August 2022	Responsible for the Company's market strategy management
Independent Non-executive Directors					
Dr. Huang Yunhui (黃雲輝)	59	Independent non-executive Director	August 2022	August 2022	Responsible for providing independent opinion and judgment to the Board
Mr. Jack Lin (林偉傑)	58	Independent non-executive Director	March 2025	March 2025	Responsible for providing independent opinion and judgment to the Board
Ms. Wu Wei (吳蔚)	49	Independent non-executive Director	March 2025	March 2025	Responsible for providing independent opinion and judgment to the Board

Executive Directors

Mr. Wu Zuyu (吳祖鈺), aged 39, is the founder of our Company, the chairman of our Board and an executive Director. Mr. Wu founded our Company in December 2019, was appointed as a Director and the chairman of our Board in May 2021 and August 2022, respectively, and was re-designated as an executive Director in March 2025 with effect upon [**REDACTED**]. He is primarily responsible for the Company's overall strategic planning and operational decisions.

Prior to founding the Company, Mr. Wu worked as director engineer (主任工程師) of the equipment development department at Contemporary Amperex Technology Co., Ltd. (寧德時代新能源科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300750), from January 2016 to February 2019, where he was mainly responsible for equipment design, development and team management. The major equipment developed by his team consisted of lithium winding equipment (鋰電卷繞設備), rolling equipment (輥壓設備), welding equipment (焊接設備) and model-cutting equipment (模切設備). He worked as an engineer at Ningde Amperex Technology Limited (寧德新能源科技有限公司) from August 2011 to December 2015.

Mr. Wu obtained his bachelor's degree in applied chemistry from Shandong Normal University (山東師範大學) in the PRC in June 2008 and his master's degree in chemical engineering from Fuzhou University (福州大學) in the PRC in June 2011.

Mr. Wang Pengcheng (王鵬程), aged 45, is the co-founder of our Company, an executive Director and the chief executive officer of our Company. Mr. Wang founded our Company in December 2019, was appointed as a Director in August 2022 and was re-designated as an executive Director in March 2025 with effect upon [**REDACTED**]. He is primarily responsible for the overall day-to-day management of the Company.

Prior to founding the Company, Mr. Wang was a partner primarily responsible for investment management at Shanghai Hengtong Investment Management Center (L.P.) (上海亨同投資管理中心(有限合夥)), which is primarily engaged in investment management and consulting from March 2015 to November 2019, and was an independent investor from October 2009 to February 2015, and worked as an engineer at Fujian Radio and Television Network Group Co., Ltd. (福建省廣播電視網絡有限公司), which operates and manages provincial media networks, from March 2003 to July 2009.

Mr. Wang obtained his bachelor's degree in information and communication engineering from Beijing Jiaotong University (北京交通大學) (formerly known as Northern Jiaotong University (北方交通大學)) in the PRC in July 2002.

Dr. Yi Ziqi (易梓琦), aged 36, is an executive Director, deputy general manager, and general manager of the global solution center of our Company. Dr. Yi was appointed as a Director and deputy general manager of our Company in August 2022 and was re-designated as an executive Director in March 2025 with effect upon [**REDACTED**]. He is primarily responsible for the technology management of the Company.

Prior to joining our Company, Dr. Yi worked as an engineer at Contemporary Amperex Technology Co., Ltd. (寧德時代新能源科技股份有限公司) from September 2016 to September 2017.

Dr. Yi obtained his bachelor's degree in materials chemistry from Hubei University (湖北大學) in the PRC in June 2010, and his doctoral degree in materials science from the Huazhong University of Science and Technology (華中科技大學) in the PRC in June 2015.

Mr. Pang Wenjie (龐文傑), aged 36, is an executive Director and deputy general manager of our Company. Mr. Pang was appointed as a Director and deputy general manager of our Company in August 2022, and was re-designated as an executive Director in March 2025 with effect upon [**REDACTED**]. He is primarily responsible for the Company's market strategy management.

Prior to joining our Company, Mr. Pang worked as the director of engineering at Suzhou Wisdom Equipment Technology Co., Ltd. (蘇州維德姆設備科技有限公司), a company primarily engaged in the development and transfer of technology in the field of machinery and equipment technology, from July 2018 to April 2019, as an engineer at Contemporary Amperex Technology Co., Ltd. (寧德時代新能源科技股份有限公司) from March 2016 to June 2018, and at Ningde Amperex Technology Limited (寧德新能源科技有限公司) from July 2015 to February 2016.

Mr. Pang obtained his bachelor's degree in mechanical design, manufacturing and automation from the Fujian University of Technology (福建理工大學) (previously known as Fujian Institute of Engineering (福建工程學院)) in the PRC in June 2012, and his master's degree in mechanical design and theory from Jimei University (集美大學) in the PRC in June 2015.

Independent Non-executive Directors

Dr. Huang Yunhui (黃雲輝), aged 59, was appointed an independent Director in August 2022, and was re-designated as an independent non-executive Director in March 2025 with effect upon [**REDACTED**]. He is primarily responsible for providing independent opinion and judgment to the Board.

Dr. Huang has been a professor at the Huazhong University of Science and Technology (華中科技大學) in the PRC since January 2008, including serving as dean of the School of Materials (材料學院) from 2010 to 2017, and has acted as an independent non-executive director of Camel Group Co., Ltd. (駱駝集團股份有限公司), a company engaged in electrical machinery and equipment manufacturing that is listed on the Shanghai Stock Exchange (stock code: 601311), since May 2021. Dr. Huang was a postdoctoral fellow studying solid oxide fuel cells and lithium-ion batteries at the University of Texas at Austin in the U.S. from November 2004 to December 2007, an associate professor at Fudan University (復旦大學) in the PRC from 2002, a member of the Japan Society for the Promotion of Science (JSPS) at the Tokyo Institute of Technology in Japan from 2002 to 2004, and, among others, the head of the department of chemical engineering and lecturer at Nanchang Hangkong University (南昌航空大學) in the PRC between 1995 and 1997.

Dr. Huang received his bachelor's degree in chemistry in July 1988, master's degree in analytical chemistry in July 1991, and his doctoral degree in inorganic chemistry in July 2000, all from Peking University (北京大學) in the PRC.

Mr. Jack Lin (林偉傑), aged 58, was appointed as an independent non-executive Director in March 2025 with effect upon [**REDACTED**]. He is primarily responsible for providing independent opinion and judgment to the Board.

Mr. Lin served as the president of Mioying Financial Technology (HK) Limited from August 2022 to April 2024, and as the managing director of MSCI Hong Kong Limited from 2018 to 2021. Mr. Lin worked at Amundi Asset Management (formerly known as Pioneer Investments) as Chief Executive Officer, South Asia of Amundi Singapore Limited from August 2017 to May 2018, and was employed by Pioneer Investments — Singapore Branch from January 2012 to July 2017, with his last held designation as Head of Asia & Middle East. Furthermore, Mr. Lin worked at Janus Capital Asia Limited from May 2008 to April 2011, and held various roles including Co-Chief Executive Officer and Managing Director, Head of Asia Pacific. He also held various senior roles at Franklin Templeton Investments between January 1996 and June 2008, including Regional Managing Director, Asia Institutional and Chief Representative of the Shanghai Representative Office of Templeton China Research Ltd. (鄧普頓中國研究有限公司).

Mr. Lin obtained his bachelor of arts from Vanderbilt University in the United States in May 1989, his Master of Business Administration from the John E. Anderson Graduate School of Management of the University of California, Los Angeles (UCLA) in the United States in June 1993, and his Juris Doctor degree from the UCLA School of Law in the United States in May 1993.

Ms. Wu Wei (吳蔚), aged 49, was appointed as an independent non-executive Director in March 2025 with effect upon [**REDACTED**]. She is primarily responsible for providing independent opinion and judgment to the Board.

Ms. Wu worked in China and the United States at Arthur Andersen from July 1998 to June 2002, and then at PricewaterhouseCoopers from July 2002 to June 2024; she has worked as a Partner in Assurance Practice and then in Deals Services in the Beijing and Hong Kong offices since 2010. She is a permanent member of The Hong Kong Independent Non-Executive Director Association and a financial adviser at Chinese FI Finance & Treasury Association of Hong Kong Limited. Ms. Wu became qualified as a certified public accountant in the PRC, the United States, and Hong Kong in August 2000, March 2007 and March 2019, respectively.

Ms. Wu obtained her bachelor's degree in international accounting from the Renmin University of China (中國人民大學) in the PRC in July 1998 and her master's degree in social sciences in the field of psychology from The University of Hong Kong in Hong Kong in November 2023.

SUPERVISORY COMMITTEE

The Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include supervising the performance of duty of the Board and the senior management of our Company and overseeing the financial conditions of our Company.

The following table sets out key information about our Supervisors.

Name	Age	Position/Title	Time of Joining our Company	Date of Appointment as a Supervisor	Responsibilities
Mr. Wu Yuyuan (吳玉源)	38	Chairman of the Supervisory Committee and Employee representative Supervisor	December 2019	August 2022	Responsible for monitoring the performance of the Directors and senior management
Dr. Liao Linping (廖林萍)	34	Supervisor	December 2019	August 2022	Responsible for monitoring the performance of the Directors and senior management
Ms. He Ying (何穎)	46	Supervisor	February 2022	August 2025	Responsible for monitoring the performance of the Directors and senior management

Mr. Wu Yuyuan (吳玉源), aged 38, is the chairman of the Supervisory Committee and the employee representative Supervisor. Mr. Wu was appointed as a Supervisor in August 2022. He is primarily responsible for monitoring the performance of the Directors and senior management.

Prior to joining our Company, Mr. Wu worked as an engineer at Fujian Petrochemical Design Institute Co., Ltd. (福建省石油化學工業設計院有限公司), formerly known as Fujian Petrochemical Design Institute (福建省石油化學工業設計院), which provides industrial engineering and design services, from July 2012 to March 2019.

Mr. Wu received his bachelor's degree in environmental science in June 2009 and his master's degree in environmental science and engineering in June 2012, both from Chongqing University (重慶大學) in the PRC.

Dr. Liao Linping (廖林萍), aged 34, is a Supervisor. Dr. Liao joined our Company in December 2019 and was appointed as a Supervisor in August 2022. She is primarily responsible for monitoring the performance of the Directors and senior management.

Dr. Liao received her bachelor's degree in pharmacy from the Guangzhou University of Chinese Medicine (廣州中醫藥大學) in the PRC in June 2013 and her doctoral degree in chemistry (chemical genomics) from Peking University (北京大學) in the PRC in July 2018.

Ms. He Ying (何穎), aged 46, is a Supervisor. Ms. He was appointed as a Supervisor in August 2025. She is primarily responsible for monitoring the performance of the Directors and senior management.

Prior to joining our Company, Ms. He worked as a manager of the key accounts sales department at Dell (China) Co., Ltd. (戴爾(中國)有限公司) from March 2006 to July 2015, where she was mainly responsible for maintaining and developing key accounts in South China. Ms. He also served as the general manager of Xiamen Jiuxun Yunke Information Technology Co., Ltd. (廈門九訊雲科信息科技有限公司) from September 2017 to January 2022, where she was mainly responsible for the overall operations and management of the company.

Ms. He received her bachelor's degree in Chinese language and literature in July 2002 and her master's degree in linguistics and applied linguistics in July 2005, both from Xiamen University (廈門大學) in the PRC.

SENIOR MANAGEMENT

The following table sets out key information about our senior management.

Name	Age	Position/Title	Time of Joining our Company	Date of Appointment as Senior Management	Responsibilities
Mr. Wang Pengcheng (王鵬程)	45	Executive Director and chief executive officer	December 2019	December 2019	Responsible for the overall day-to-day management of the Company
Dr. Yi Ziqi (易梓琦)	36	Executive Director and deputy general manager	January 2020	August 2022	Responsible for the technology management of the Company
Mr. Pang Wenjie (龐文傑)	36	Executive Director and deputy general manager	April 2020	August 2022	Responsible for the Company's market strategy management
Mr. Hu Zhijia (胡志嘉)	41	Deputy general manager and chief operating officer	April 2024	February 2025	Responsible for the operations management of the Company

Name	Age	Position/Title	Time of Joining our Company	Date of Appointment as Senior Management	Responsibilities
Mr. Zhao Ruijin (趙瑞錦)	48	Chief financial officer	July 2022	August 2022	Responsible for finance-related work
Ms. Wu Liqing (吳麗卿)	46	Deputy general manager, Board secretary and joint company secretary	October 2023	January 2024	Responsible for the capital operations of the Company

Mr. Wang Pengcheng (王鵬程), aged 45, is the co-founder of our Company, an executive Director and the chief executive officer of our Company. See "— Board of Directors" above for details of his biography.

Dr. Yi Ziqi (易梓琦), aged 36, is an executive Director and deputy general manager of our Company. See "— Board of Directors" above for details of his biography.

Mr. Pang Wenjie (龐文傑), aged 36, is an executive Director and deputy general manager of our Company. See "— Board of Directors" above for details of his biography.

Mr. Hu Zhijia (胡志嘉), aged 41, is a deputy general manager and the chief operating officer of our Company. Mr. Hu is primarily responsible for the operations management of the Company.

Prior to joining our Company, Mr. Hu 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) which is mainly engaged in the research, development, production and sales of lithium-ion power batteries, from May 2020 to January 2024. He worked in various positions at Neusoft Group Co., Ltd. (東軟集團股份有限公司), an information technology and software engineering service provider, and its associated companies, including as the head of the battery cell strategy department, between May 2011 and May 2020, and at Hongta Liaoning Tobacco Co., Ltd. (紅塔遼寧煙草有限責任公司), a company engaged in tobacco production and sales, from July 2009 to July 2010, respectively.

Mr. Hu received his bachelor's degree in resources environment and urban-rural planning management from Beijing Forestry University (北京林業大學) in the PRC in July 2007 and his master's degree in systems engineering from Beijing Jiaotong University (北京交通大學) in the PRC in July 2009.

Mr. Zhao Ruijin (趙瑞錦), aged 48, is the chief financial officer of our Company. Mr. Zhao is primarily responsible for our finance-related work.

Mr. Zhao has served as a director in a non-executive role at Shenzhen Sanrise Technology Co., Ltd. (深圳尚陽通科技股份有限公司), a chip design company, since September 2023. Prior to joining our Company, he worked as the financial head and board secretary at Shenzhen Netforward Electronic Co., Ltd. (深圳市楠菲微電子有限公司), which focuses on network communication integrated circuits, from May 2022 to July 2022, a director at Beijing Oriental Approtronics Co., Ltd. (北京東方光峰科技股份有限公司) from May 2018 to February 2022, the financial director at Approtronics Corporation Limited (深圳光峰科技股份有限公司), a laser optics technology enterprise listed on the Shanghai Stock Exchange (stock code: 688007), from February 2018 to September 2021, the financial head at Shenzhen Maisijie Network Co., Ltd. (深圳市麥斯傑網絡有限公司), a provider of internet products and solutions, from February 2016 to June 2017, and at ZTE Corporation (中興通訊股份有限公司), a company which provides integrated information and communications technology solutions and is listed on both the Shenzhen Stock Exchange (stock code: 000063) and the Hong Kong Stock Exchange (stock code: 0763), and its associated companies from July 2000 to February 2015. In particular, Mr. Zhao served successively as the financial head and assistant general manager at Shenzhen ZNV Technology Co., Ltd. (深圳力維智聯技術有限公司) from January 2007 to February 2015, the financial manager at ZTE (H.K.) Limited (中興通訊(香港)有限公司) from August 2004 to January 2007, and the financial manager at ZTE Corporation from July 2000 to July 2004.

Mr. Zhao received his bachelor's degree in accounting from Renmin University of China (中國人民大學) in the PRC in July 2000 and his master's degree in business administration from Peking University (北京大學) in the PRC in July 2015.

Ms. Wu Liqing (吳麗卿), aged 46, is a deputy general manager of our Company, our Board secretary and joint company secretary. Ms. Wu is primarily responsible for the capital operations of the Company.

Prior to joining our Company, Ms. Wu worked at Shenzhen Taiji Data Technology Co., Ltd. (深圳太極數智技術有限公司), a science and technology innovation enterprise, as the chairman of the board from May 2021 to September 2023, as, among other roles, the deputy general manager and board secretary at Linewell Software Co., Ltd. (南威軟件股份有限公司), a software company listed on the Shanghai Stock Exchange (stock code: 603636), from February 2003 to August 2021, and at Zhongbao Network Information Technology Co., Ltd. (中包網信息技術有限公司) between January 2002 and January 2003.

Ms. Wu received her bachelor's degree in industrial foreign trade from the Beijing Institute of Technology (北京理工大學) in the PRC in July 2001 and her executive master's degree in business administration from Tsinghua University (清華大學) in the PRC in June 2024.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, none of the Directors, Supervisors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

Mr. Wu and Mr. Wang are brothers-in-law. Save as disclosed above, none of the Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management of our Company.

In September 2023, Mr. Wu was ordered by the Ningde Labor and Personnel Dispute Arbitration Commission to pay RMB1 million to Contemporary Amperex Technology Co., Ltd. on the basis that he breached his non-compete undertakings to Contemporary Amperex Technology Co., Ltd. for operation of competing businesses, including the Company. The order has been fully settled in September 2023. Based on the confirmation from the PRC legal advisers engaged for this matter by the Company, the non-compete restrictions imposed on Mr. Wu had expired in February 2021 and they do not restrict Mr. Wu from engaging in any competing businesses during the Track Record Period or in the future. Meanwhile, the dispute does not involve any other Directors, Supervisors or members of the senior management team other than Mr. Wu, and therefore it has no impact on the daily operation and management of the Company. In addition, the dispute has no impact on the Company's intellectual property rights, technologies, know-how, R&D team, or key products, and the Directors are of the view that it did not, and will not affect the Company's business operation and financial performance during the Track Record Period and in the future.

As advised by the PRC legal advisers engaged for this matter by the Company, (i) Mr. Wu has complied with his other obligations under the non-compete undertakings, and (ii) the Company's other Directors and senior management who were former employees of Contemporary Amperex Technology Co., Ltd. have complied with the terms of their confidentiality and non-compete undertakings with Contemporary Amperex Technology Co., Ltd., where applicable, and there is no risk of further legal liabilities from any potential dispute arising from such confidentiality and non-compete undertakings with Contemporary Amperex Technology Co., Ltd..

Based on the following grounds, the Directors are of the view that such dispute would not raise concerns as to Mr. Wu's character, experience, integrity and ability to discharge his duties as a director, including fiduciary duties and duties to exercise skill, care and diligence to a standard that commensurate with his position as a director of a listed company in Hong Kong, and would not affect the suitability of Mr. Wu as a Director of the Company under Rules 3.08 and 3.09 of the Listing Rules:

(i) Mr. Wu shows deep regrets for breaching the non-compete undertakings and has accepted all legal consequence from the arbitration process, despite such breach was due to his mistaken perception about the restrictions imposed by the non-compete undertakings (i.e. the mistaken belief that such undertakings only impose an obligation not to do what he did in Contemporary Amperex Technology Co., Ltd. instead of restricting him from doing anything that may compete with the business of Contemporary Amperex Technology Co., Ltd.). Mr. Wu had fully settled the RMB1 million penalty ordered by the commission shortly after he received the order;

(ii) Mr. Wu's mistaken understanding of the non-compete undertakings was due to inadvertent oversight, unfamiliarity with legal terms and mistaken interpretation of his contractual obligations, and he did not take more prudent measures such as consulting with legal counsel before proceeding to found the Company and relevant shareholding platforms. There was no fraud and dishonesty from Mr. Wu or concerns as to his integrity. He acknowledged such mistakes once being aware of the non-compliant conducts and attended training sessions from legal counsel soon after he received the order so that he could strengthen his understanding of relevant matters. In particular, he led the further improvement of the Company's internal control system to prevent similar non-compete incidents from happening and to ensure the Group upholds the highest standards of compliance going forward, including but not limited to conducting background checks on prospective employees, reviewing certificates of employment termination from their previous employers, and requiring new hires to sign an undertaking confirming that their employment with the Group will not breach any existing non-compete agreements to which the relevant employee is a party. He also routinely attends legal training sessions provided by in-house counsel and meets with staff from the Company's intellectual property department to discuss any unusual findings on the implementation of relevant intellectual property management measures, daily research and analysis on intellectual property infringement and FTO investigations, so as to reduce the intellectual property infringement risks in the day-to-day product development and production; and

(iii) the legal proceeding and the breach had no impact on the intellectual properties, business and financial positions of the Group.

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.

Save as disclosed herein, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors or Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Wu Liqing (吳麗卿) was appointed as a joint company secretary of our Company in March 2025 with effect from the [**REDACTED**]. See "— Senior Management" above for details of her biography.

Ms. Ho Wing Tsz Wendy (何詠紫) was appointed as a joint company secretary of our Company in March 2025 with effect from the [**REDACTED**].

Ms. Ho is an executive director of Company Secretarial Services of Tricor Services Limited. She has over 25 years of experience in the corporate secretarial and governance services field. Her practice focuses on company secretarial advisory, corporate governance and regulatory compliance services for multinational, private and listed companies as well as non-profit making enterprises.

Ms. Ho is a Chartered Secretary, a Chartered Governance Professional and a Fellow Member of both The Hong Kong Chartered Governance Institute ("HKCGI") and The Chartered Governance Institute in the United Kingdom. She is a council member of HKCGI, the chairman of professional development committee, a member of professional services panel and a member of Mainland China technical consultation panel of HKCGI. She holds a master's degree in business administration from The Hong Kong Polytechnic University.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy and Sustainable Development Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Ms. Wu Wei, Dr. Huang Yunhui and Mr. Jack Lin. Ms. Wu Wei, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- dealing with other matters that are authorized by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Dr. Huang Yunhui, Mr. Wu and Ms. Wu Wei. Dr. Huang Yunhui serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executive officer and other members of the senior management;
- reviewing the structure, size and composition of our Board at least annually, assist the Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board;
- researching and developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and making recommendations to our Board;
- supporting the Company's regular evaluation of the Board's performance; and
- dealing with other matters that are authorized by our Board.

Remuneration and Assessment Committee

We have established a Remuneration and Assessment Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Mr. Jack Lin, Ms. Wu Wei and Mr. Wang. Mr. Jack Lin serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior managements remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- monitoring the implementation of remuneration system of our Company;
- making recommendations on the remuneration packages of our Directors and senior management; and
- dealing with other matters that are authorized by our Board.

Strategy and Sustainable Development Committee

We have established a Strategy and Sustainable Development Committee consisting of five Directors, namely Mr. Wu, Mr. Wang, Dr. Yi Ziqi, Dr. Huang Yunhui and Mr. Jack Lin. Mr. Wu serves as the chairperson of the Strategy and Sustainable Development Committee. The primary duties of the Strategy and Sustainable Development Committee include, but are not limited to, the following:

- advising the Board on the Company's annual business plans, medium and long-term strategies and major investment decisions;
- planning, researching, and providing recommendations on significant development plans, business layouts, investments, financing, asset restructuring matters of the Company and other proposals as stipulated by applicable laws, regulations, rules and the Articles of Association;
- research and provide recommendations on the Company's sustainable development strategic objectives and ESG policy issues, and monitor the implementation of the Company's sustainable development initiatives;
- following up and reviewing the implementation of the above matters; and
- dealing with other matters as delegated by the Board from time to time.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

COMPENSATION OF DIRECTORS AND SUPERVISORS

Our Directors and Supervisors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB99.8 million, RMB4.3 million, RMB6.4 million and RMB7.5 million, respectively.

For the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025, the aggregate amount of remuneration paid or payable to our Supervisors amounted to approximately RMB17.8 million, RMB2.1 million, RMB2.4 million and RMB1.6 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB9.9 million.

The total emoluments for the remaining individuals among the five highest paid individuals amounted to approximately RMB120.1 million, RMB15.5 million, RMB10.6 million and RMB6.1 million for the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have 3 independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will

continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [**REDACTED**] of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR SINGLE LARGEST SHAREHOLDERS

As at the Latest Practicable Date and immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), Hithium Technology controlled and will control 29.09% and [**REDACTED**]% of our total issued share capital. Hithium Technology is held by Zhuhai Haiheng, Zhuhai Huiwei and Mr. Wang, our executive Director and chief executive officer, as to 73.31%, 21.98% and 4.71%, respectively. Zhuhai Haiheng is held by Mr. Wu as to 92% and Mr. Wang as to 8%. Mr. Wu is the general partner of Zhuhai Haiheng. Zhuhai Huiwei is held and managed by individuals who are our Independent Third Parties who are not involved in the management and daily operation of our Company. Therefore, Mr. Wu, Mr. Wang, Zhuhai Haiheng and Hithium Technology will be our Single Largest Shareholders upon the [**REDACTED**].

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Single Largest Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Single Largest Shareholders and their respective close associates upon and after the [**REDACTED**].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Single Largest Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Single Largest Shareholders for sources of suppliers, customers and business partners.

Based on the above, our Directors believe that we are operationally independent from our Single Largest Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises seven Directors, including four executive Directors and three independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Shareholders and their respective close associates for the following reasons:

(a) except for Mr. Wu, and save as disclosed in the section headed "Directors, Supervisors and Senior Management" in this Document, all other members of the Board and senior management have no other relationship with the Single Largest Shareholders and their respective close associates. They have substantial experience in the industry as further described in "Directors, Supervisors and Senior Management," which will enable them to discharge their duties independently from the Single Largest Shareholders;

(b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(c) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(d) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Single Largest Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Single Largest Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have a finance center independent from our Single Largest Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Single Largest Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the [**REDACTED**] Investments from third party investors independently. For details of the [**REDACTED**] Investments, see "History, Development and Corporate Structure." As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Single Largest Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Single Largest Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholders or any of their respective close associates has a material interest, our Single Largest Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Group has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if any transaction is proposed between our Group and our Single Largest Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

- our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing more than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Single Largest Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Somerley Capital Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Single Largest Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB1,094,745,156, comprising 1,094,745,156 Unlisted Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] and the conversion of certain Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]%
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Immediately following the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]%
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

RANKING

Upon completion of the [**REDACTED**], we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, except for certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or [**REDACTED**] between legal or natural persons of the PRC. Unlisted Shares and H Shares will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Renminbi, Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, listing and trading of such converted Shares have been completed. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this Document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [**REDACTED**] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [**REDACTED**] of additional Shares after the [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [**REDACTED**] and [**REDACTED**] of such converted Shares on an overseas stock exchange. Any [**REDACTED**] for [**REDACTED**] of the converted shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be [**REDACTED**] on the Stock Exchange complies with the Listing Rules and the [**REDACTED**] and the [**REDACTED**] in force from time to time.

Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be [**REDACTED**] as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization."

RESTRICTIONS OF SHARE TRANSFER

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office, such term being determined at the time of their taking office, shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting is required, see "Appendix III — Summary of Articles of Association."

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the conversion of our Unlisted Shares to H Shares assuming the [**REDACTED**] is not exercised, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our total share capital**	**Number of Shares**	**Approximate percentage of shareholding in the Unlisted Shares/ H Shares**	**Approximate percentage of shareholding in our total share capital**
Mr. Wu[(1)(2)]	Interest in controlled corporation	368,500,000	33.66%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
				[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Zhuhai Haiheng[(1)]	Interest in controlled corporation	318,500,000	29.09%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
				[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Hithium Technology[(1)]	Beneficial owner	318,500,000	29.09%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
				[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Pang Wenjie[(2)]	Interest in controlled corporation	50,000,000	4.57%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
				[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Hithium Zhicheng[(2)]	Beneficial owner	50,000,000	4.57%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
				[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Lu Chengcheng[(3)]	Interest in controlled corporation	52,971,310	4.84%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Hainan Fenghe Private Equity Fund Management Co., Ltd.[(3)]	Interest in controlled corporation	52,971,310	4.84%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Wang Huadong[(4)]	Interest in controlled corporation	29,269,856	2.67%	[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%

		As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding in our total share capital	Number of Shares	Approximate percentage of shareholding in the Unlisted Shares/ H Shares	Approximate percentage of shareholding in our total share capital
Xiao Ping[(4)]	Interest in controlled corporation	29,269,856	2.67%	[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Nanjing Jingwei Jingbei Investment Management Co., Ltd.[(4)]	Interest in controlled corporation	29,269,856	2.67%	[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Nanjing Jingwei Jiangchuang Investment Management Partnership Enterprise (L.P.)[(4)] .	Interest in controlled corporation	29,269,856	2.67%	[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Jingweichuang No. 1[(4)]	Beneficial owner	22,674,389	2.07%	[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) Hithium Technology is held by Zhuhai Haiheng as to 73.31% and Mr. Wu is the general partner of Zhuhai Haiheng, therefore, Mr. Wu and Zhuhai Haiheng are both deemed to be interested in the Shares held by Hithium Technology in our Company under the SFO.

(2) Hithium Zhicheng is held as to approximately (i) 0.001% by Mr. Pang Wenjie (龐文傑), our executive Director and deputy general manager, as general partner; and (ii) 49.00% by Mr. Wu as a limited partner. Therefore, Mr. Pang Wenjie and Mr. Wu are both deemed to be interested in the Shares held by Hithium Zhicheng in our Company under the SFO.

(3) The general partner of each of the Fenghe Capital Entities is Hainan Fenghe Private Equity Fund Management Co., Ltd., which is ultimately controlled by Lu Chengcheng. Therefore, Hainan Fenghe Private Equity Fund Management Co., Ltd., and Lu Chengcheng are both deemed to be interested in the Shares held by the Fenghe Capital Entities in our Company under the SFO.

(4) The general partner of Jingweichuang No. 1 and Jingweichuang No. 3 is Nanjing Jingwei Jiangchuang Investment Management Partnership Enterprise (L.P.), whose general partner is Nanjing Jingwei Jingbei Investment Management Co., Ltd. Nanjing Jingwei Jingbei Investment Management Co., Ltd. is held as to 49% by Wang Huadong. Xiao Ping holds 46.34% limited partnership interest in Nanjing Jingwei Jiangchuang Investment Management Partnership Enterprise (L.P.). Therefore, Nanjing Jingwei Jiangchuang Investment Management Partnership Enterprise (L.P.), Nanjing Jingwei Jingbei Investment Management Co., Ltd., Wang Huadong and Xiao Ping are deemed to be interested in the Shares held by Jingweichuang No. 1 and Jingweichuang No. 3 in our Company under the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and the section headed "Appendix IV — Statutory and General Information — Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders — Interests of the substantial shareholders in other members of our Group," our Directors are not aware of any person who will, immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and notes included in the Accountants' Report included in Appendix I of the Document. The financial information as set out in the Accountants' Report incorporates the financial statements of the Company during the Track Record Period. You should read the whole Accountants' Report and not rely merely on the information in this section. For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

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, underscoring our leadership 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%.

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.

After years of operations, 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.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our results of operations and financial condition during the Track Record Period had been primarily affected by the following significant factors affecting the overall industry in which we operate:

- macroeconomic conditions, global energy transformation and the growth of overall energy storage market;
- changes in customer demand for energy storage products;
- government policies, regulations and tariffs for new energy and energy storage products and solutions; and
- continuous investment and innovation in energy storage technology.

Specific Factors Affecting Our Results of Operations

Besides the general factors affecting the industry, our business and results of operations are also affected by specific factors, including the following major factors:

Our Ability to Attract New Customers and Orders and Retain Existing Customers

We generated revenue primarily from sale of our ESS batteries and energy storage systems during the Track Record Period. Since our inception, we have strategically concentrated on the energy storage market. This strategic focus has provided us with a deeper understanding of energy storage applications and customer needs, allowing us to cultivate strong relationships with our customers.

Our products are widely utilized in large-scale new energy storage applications such as power stations and grids, both in China and overseas. By fostering strong sales relationship with new customers, we secure increased purchase orders, which in turn bolsters our sales revenue. We are committed to continuously enhancing the safety, energy efficiency, consistency, lifetime, and cost-effectiveness of our energy storage products to enhance our brand reputation, which helps attract new customers. Moreover, we have been accelerating our presence in global markets, including the United States, Europe and emerging markets such as the Middle East, Africa, Oceania and South America. With enhancing international influence, we expect to collaborate with more customers globally.

Our results of operations also depend on our ability to retain existing customers and secure additional purchase orders from them. By offering a diverse array of high-quality products optimized for various scenarios, we have cultivated a loyal customer base. We also carefully manage our manufacturing plans based on customer orders, allowing us to fulfill customer orders promptly. We also offer timely aftersales customer support to timely resolve any battery related issues that may arise from time to time. These above measures ensure application of our products in various scenarios, which we believe enhance customer satisfaction with our products, and thus lead to repeat order placements and improved results of operations.

Expansion and Management of Production Capacity and Improvement of Efficiency

Our effective annual production capacity for ESS batteries has increased from approximately 5.4GWh in 2022 to approximately 49.7GWh in 2024. We intend to further increase our overall production capacity in line with our growth strategy. See "Business — Manufacturing — Production Bases." Leveraging our technology-driven factory management capabilities, we have established an optimized and highly efficient manufacturing process and improved staffing efficiency. These improvements contribute to our ability to manage manufacturing costs and improve our profit margins. To accommodate the anticipated increase in customer demand, we intend to continue to expand our manufacturing capacity and upgrade our equipment and manufacturing lines to conserve energy, reduce environmental impact, and

improve both manufacturing efficiency and product quality. We believe that these production capacity management and expansion measures effectively enable us to deliver higher quality products, generate increased revenue, while optimizing our costs and profit margin.

Our Ability to Manage Our Costs and Improve Operational Efficiency

Our profitability depends partly on our ability to effectively manage and optimize our costs and operating expenses. For example, the prices of key raw materials such as lithium iron phosphate, graphite, electrolytes, separators, copper foils and aluminum foils have a significant impact on our results of operations. Moreover, as a percentage of our total revenue, our operating expenses, which include selling and marketing expenses, administrative expenses, and R&D expenses, decreased from 25.5% in 2022 to 14.1% in 2023, and further decreased to 12.6% in 2024, respectively. For the six months ended June 30, 2024 and 2025, our operating expenses as a percentage of total revenue decreased from 34.3% to 13.6%, respectively, demonstrating continued operational efficiency enhancement. We expect the absolute amounts of our selling and marketing expenses, administrative expenses as well as R&D expenses will continue to increase along our business growth in the future, but to decrease as percentages of our total revenue. As we expand the scale and scope of our business, we expect to benefit from various economies of scale to improve our operational efficiency. Furthermore, we are dedicated to comprehensive development in digitization and intelligence. Following our strategies to make continuous investment in technology and R&D, we will accelerate the application of intelligent technologies in our business operations, R&D, products, and manufacturing to enhance our operational capabilities and product efficiency.

Investment in R&D and Expansion of Product Portfolio

Our product portfolio primarily consists of ESS batteries and energy storage systems, at the heart of which are our ESS batteries and its underlying LFP cell technology. We have built core technological advantages and forward-looking R&D capabilities across the entire industry chain, including material development, battery production, system integration and battery recycling. Our investment in R&D not only enables us to develop our battery technologies that improve the safety, energy efficiency, consistency, lifetime, and cost-effectiveness of our energy storage products, but also enables us to launch new products that cater to a wider range of scenarios, such as long-lifetime sodium-ion battery, ultra-low temperature sodium-ion battery. We believe our R&D strategy positions us to address a broader spectrum of market demands, expand our sales, and effectively compete against our competitors, which we believe positively affect our results of operations and financial condition.

BASIS OF PRESENTATION

Our financial statements have been prepared and presented in accordance with International Financial Reporting Standards (the "IFRSs"), which comprise all standards, amendments and related interpretations approved by the International Accounting Standards Board. All IFRSs effective for the Track Record Period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the financial statement throughout the Track Record Period. See note 2 to the Accountants' Report included in Appendix I of the Document.

MATERIAL ACCOUNTING POLICY INFORMATION AND KEY SOURCES OF ESTIMATION UNCERTAINTY

See note 3 and note 4 to the Accountants' Report included in Appendix I of the Document for details on our material accounting policy information and key sources of estimation uncertainty.

Revenue

Revenue represents the amounts received and receivable from the sales of ESS batteries, energy storage systems, materials and others, net of sales related taxes, during the Track Record Period.

Sales of ESS Batteries, Energy Storage Systems and Related Services

Our Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue arising from sales of ESS batteries and energy storage systems is recognized at a point in time when the goods are generally accepted by the customers, and revenue arising from services is recognized upon completion of the relevant services, since only by that time our Group passes control of the goods or services to the customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

Customers are generally required to make certain portion of prepayments before our Group deliver the products. Contract liabilities are recognized when consideration is received in which revenue has yet been recognized.

Materials and Others

For sales of materials and others, revenue is recognized at a point in time upon customers' acceptance of the delivered goods.

Property, Plant, and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress as described below). Property, plant and equipment (other than construction in progress and freehold lands) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with our Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than construction in progress and freehold lands less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Right-of-use Assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by our Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Our Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Trade Receivables

For trade receivables, our Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. Our Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Our Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In order to minimize credit risk, our Group has tasked its operation management committee to develop and maintain our Group's credit risk gradings to categorize exposures according to their degree of risk of default.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which our Group must incur to make the sale.

Share-based Payments

Equity-settled Share-based Payment Transactions

Shares Granted to Employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, our Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to capital and other reserves. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

Government Grants

Government grants are not recognized until there is reasonable assurance that our Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which our Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that our Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to our Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Revenue	3,614,889	10,201,828	12,916,757	2,147,566	6,971,212
Cost of sales	(3,204,600)	(8,963,982)	(10,608,197)	(2,069,475)	(6,054,873)
Gross profit	410,289	1,237,846	2,308,560	78,091	916,339
Other income	23,789	243,094	502,869	163,461	407,709
Other gains and losses	(1,291,450)	(1,718,250)	21,022	15,666	3,335
Selling and marketing expenses	(70,343)	(240,363)	(303,222)	(142,414)	(190,021)
Administrative expenses	(653,213)	(710,315)	(789,826)	(327,842)	(489,095)
Research and development expenses	(197,367)	(484,915)	(530,038)	(265,622)	(271,400)
Impairment losses under expected credit loss ("ECL") model, net of reversal	517	(171,242)	(532,314)	(89,017)	(28,907)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share of results of associates	1,898	(3,248)	(20,207)	(5,769)	765
Finance costs	(64,733)	(206,444)	(335,740)	(165,242)	(188,971)
(LOSS) PROFIT BEFORE TAX	(1,840,613)	(2,053,837)	314,342	(738,688)	152,083
Income tax credit (expense)	63,754	78,838	(26,699)	130,514	60,684
(LOSS) PROFIT FOR THE YEAR/PERIOD	**(1,776,859)**	**(1,974,999)**	**287,643**	**(608,174)**	**212,767**
Attributable to:					
Owners of the Company	(1,769,785)	(1,962,602)	258,536	(587,156)	212,110
Non-controlling interests	(7,074)	(12,397)	29,107	(21,018)	657
	(1,776,859)	**(1,974,999)**	**287,643**	**(608,174)**	**212,767**

Non-IFRS Financial Measures

Our consolidated financial information was prepared in accordance with IFRS. To supplement our consolidated results which were prepared and presented in accordance with IFRS, we use adjusted net (loss)/profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of certain items. We believe that these measures provide useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, the use of the non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net (loss)/profit (a non-IFRS measure) as (loss)/profit for the year/period adjusted by adding back fair value loss on puttable shares liabilities, share-based compensation expense and [**REDACTED**]. Our management considers that the puttable shares liabilities had been terminated in 2023 and no further fair value change on this will be recognized. In addition, share-based compensation expense is non-cash in nature and do not result in cash outflow. We also exclude [**REDACTED**] which are related to this [**REDACTED**].

We define adjusted EBITDA (a non-IFRS measure) as adjusted (loss)/profit for the year/period adjusted by adding back income tax (credit)/expense, finance costs, interest income and depreciation and amortization.

The following table sets forth a reconciliation of our adjusted net (loss)/profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) for 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 to the nearest measures prepared in accordance with IFRS.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
(Loss) profit for the year/period	**(1,776,859)**	**(1,974,999)**	**287,643**	**(608,174)**	**212,767**
Add:					
Fair value loss on puttable shares liabilities	1,290,461	1,715,798	–	–	–
Share-based compensation expense	381,811	33,989	23,591	13,265	26,122
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net (loss) profit (a non-IFRS measure)	**(104,587)**	**(225,212)**	**317,996**	**(594,909)**	**246,560**
Add:					
Income tax (credit) expense	(63,754)	(78,838)	26,699	(130,514)	(60,684)
Finance costs	64,733	206,444	335,740	165,242	188,971
Interest income	(11,250)	(81,526)	(76,069)	(39,925)	(58,291)
Depreciation and amortization	84,971	340,325	650,764	204,820	340,702
Adjusted EBITDA (a non-IFRS measure)	**(29,887)**	**161,193**	**1,255,130**	**(395,286)**	**657,258**

Revenue

Revenue by Product Type

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as percentages of total revenue for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
ESS batteries[(1)]	2,538,320	70.2	7,957,162	78.0	7,960,613	61.6	1,871,585	87.1	5,449,273	78.2
Energy storage systems	909,493	25.2	1,973,217	19.3	4,670,503	36.2	168,704	7.9	1,279,217	18.3
Materials and others[(2)]	167,076	4.6	271,449	2.7	285,641	2.2	107,277	5.0	242,722	3.5
Total	**3,614,889**	**100.0**	**10,201,828**	**100.0**	**12,916,757**	**100.0**	**2,147,566**	**100.0**	**6,971,212**	**100.0**

Notes:

(1) During the Track Record Period, substantially all of our revenues from ESS batteries were generated from lithium-ion batteries. We have introduced our sodium-ion ESS batteries and achieved mass production in the second half of 2025.

(2) Revenue of materials and others mainly include revenue from sales of materials related to ESS batteries.

During the Track Record Period, the growth of revenue from our ESS batteries from RMB2,538.3 million in 2022 to RMB7,957.2 million in 2023 was primarily due to our increased sales volume of ESS batteries, mainly attributable to (i) the increase in demand for our ESS batteries and our continued efforts in marketing and promoting our products, and (ii) the increased production volume of our ESS batteries with the expansion of production capacity which has been ramping up. Our revenue from our ESS batteries remained relatively stable from RMB7,957.2 million in 2023 to RMB7,960.6 million in 2024, primarily due to the increased sales volume of our ESS batteries, which was partially offset by the decrease in average selling price of ESS batteries due to a decrease in raw material prices. Our revenue from our ESS batteries increased from RMB1,871.6 million for the six months ended June 30, 2024 to RMB5,449.3 million for the six months ended June 30, 2025, primarily due to our increased sales volume of ESS batteries, mainly attributable to our technological advantages and well-established sales network, driving a significant increase in our sales volumes.

Our revenue generated from our energy storage systems increased from RMB909.5 million in 2022 to RMB1,973.2 million in 2023, primarily due to an increase in our sales volume of our energy storage systems, mainly attributable to the increase in demand for our energy storage systems and our continued efforts in marketing and promoting our products. Our revenue from our energy storage systems further increased to RMB4,670.5 million in 2024, primarily due to an increase in our sales volume of our energy storage systems, which was primarily attributable to a significant increase of sales of energy storage systems overseas as we further expanded into such markets. Our revenue from our energy storage systems increased from RMB168.7 million for the six months ended June 30, 2024 to RMB1,279.2 million for the six months ended June 30, 2025, primarily due to the increase in sales in the Americas and Europe with our continuous overseas expansion efforts.

Revenue by Region

The following table sets forth the breakdown of our revenue by geographic region, in absolute amounts and as percentages of total revenue for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)									
							(unaudited)			
Mainland China	3,614,856	100.0	10,100,713	99.0	9,216,616	71.4	2,076,889	96.7	5,750,262	82.5
The United States	17	0.0	537	0.0	3,385,597	26.2	6	0.0	821,119	11.8
Others [(1)]	16	0.0	100,578	1.0	314,544	2.4	70,671	3.3	399,831	5.7
Total	**3,614,889**	**100.0**	**10,201,828**	**100.0**	**12,916,757**	**100.0**	**2,147,566**	**100.0**	**6,971,212**	**100.0**

Note:

(1) Other overseas markets primarily include Europe, the Middle East, Africa and Australia.

The increase of our revenue from mainland China from RMB3,614.9 million in 2022 to RMB10,100.7 million in 2023 was mainly due to increased revenue from sales of ESS batteries, primarily due to (i) the increase in demand for our products and our continued efforts in marketing and promoting our products, and (ii) the increased production volume of our products with the expansion of production capacity as our production has been ramping up. The decrease in our revenue from mainland China from RMB10,100.7 million in 2023 to RMB9,216.6 million in 2024, despite that we recorded an increase in sales volume, was primarily due to a reduced average selling price as a result of a decline in raw material prices and in response to market competition. The increase of our revenue from mainland China from RMB2,076.9 million for the six months ended June 30, 2024 to RMB5,750.3 million for the six months ended June 30, 2025 was mainly due to increased demand for and sales of our products driven by our technological advantages and well-established sales network.

Our revenue from overseas increased from RMB33 thousand in 2022 to RMB101.1 million in 2023, and further increased to RMB3,700.1 million in 2024, primarily due to the significant increase of our sales overseas which was primarily attributable to sales of energy storage systems in the United States and Europe in 2023 and 2024. Our revenue from overseas increased 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, primarily due to the increase of our sales overseas which was primarily attributable to (i) the rapid growth in global energy storage system demand; (ii) our accelerated international business expansion efforts resulting in increased overseas sales orders; and (iii) our ability to capitalize on market opportunities through our technological advantages and well-established sales network.

Sales Volume and Average Selling Price

The following tables set forth the breakdown of our sales volumes and average selling prices (net of tax) by product type for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
			(GWh)		
Sales Volume					
ESS batteries					
China	3.3	15.6	28.3	5.9	22.9
Overseas	NM(1)	NM(1)	NM(1)	NM(1)	NM(1)
Energy storage systems					
China	1.0	2.1	1.5	0.1	0.1
Overseas	–	0.1	3.8	0.1	1.6

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
			(RMB/Wh)		
Average Selling Price					
ESS batteries					
China	0.77	0.51	0.28	0.32	0.24
Overseas	NM(1)	NM(1)	NM(1)	NM(1)	NM(1)
Energy storage systems					
China	0.92	0.91	0.62	0.71	0.47
Overseas	–	0.88	0.97	1.04	0.77

Note:

(1) In each period during the Track Record Period, the sales volume of our ESS batteries in overseas markets accounted for less than 0.2% of the total sales volume our ESS batteries. Therefore, the sales volume and average selling price of ESS batteries in overseas during the Track Record Period are not meaningful.

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. The average selling price of energy storage systems remained relatively stable from 2022 to 2024, as our energy storage systems are primarily sold in overseas markets with strong demands. The average selling price of energy storage systems decreased slightly from RMB0.87/Wh in 2024 to RMB0.74/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.

Cost of Sales

Cost of Sales by Nature

Our cost of sales consists of (i) material cost for battery production, primarily including lithium iron phosphate, graphite, electrolytes, separators, copper foils and aluminum foils, (ii) manufacturing cost, (iii) direct labor cost, and (iv) others.

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Material cost	2,630,250	82.1	7,111,340	79.3	8,169,080	77.0	1,506,530	72.8	4,843,104	80.0
Manufacturing cost	290,473	9.1	1,058,272	11.8	1,110,913	10.5	266,936	12.9	539,452	8.9
Direct labor cost	69,506	2.2	192,219	2.1	228,079	2.2	60,464	2.9	121,612	2.0
Others[(1)]	214,371	6.6	602,151	6.8	1,100,125	10.3	235,545	11.4	550,705	9.1
Total	**3,204,600**	**100.0**	**8,963,982**	**100.0**	**10,608,197**	**100.0**	**2,069,475**	**100.0**	**6,054,873**	**100.0**

Note:

(1) Others mainly include contractual performance cost and warranty cost.

Our cost of sales increased significantly from RMB3,204.6 million in 2022 to RMB8,964.0 million in 2023, and further increased to RMB10,608.2 in 2024, and increased significantly from RMB2,069.5 million for the six months ended June 30, 2024 to RMB6,054.9 million for the six months ended June 30, 2025 primarily due to the increase in materials cost. Our material cost remained the largest component of our cost of sales throughout the Track Record Period, accounting for 82.1%, 79.3%, 77.0%, 72.8% and 80.0% of our total cost of sales in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. Material cost increased from RMB2,630.3 million in 2022 to RMB7,111.3 million in 2023, and further increased to RMB8,169.1 million in 2024, and increased significantly from RMB1,506.5 million for the six months ended June 30, 2024 to RMB4,843.1 million for the six months ended June 30, 2025, primarily due to the increased sales volume, which was partially offset by a decrease in raw material prices.

Cost of Sales by Product Type

The following table sets forth a breakdown of our cost of sales by product type in line with revenue source, both in absolute amounts and as percentages of our total cost of sales, for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
ESS batteries	2,266,038	70.7	6,963,893	77.7	7,241,355	68.3	1,811,265	87.5	4,922,644	81.3
Energy storage systems	773,057	24.1	1,712,025	19.1	3,096,784	29.2	149,843	7.2	899,169	14.9
Materials and others[(1)]	165,505	5.2	288,064	3.2	270,058	2.5	108,367	5.3	233,060	3.8
Total	**3,204,600**	**100.0**	**8,963,982**	**100.0**	**10,608,197**	**100.0**	**2,069,475**	**100.0**	**6,054,873**	**100.0**

Note:

(1) Materials and others mainly include materials related to ESS batteries.

Our cost of sales increased significantly from RMB3,204.6 million in 2022 to RMB8,964.0 million in 2023, and further increased to RMB10,608.2 in 2024, and our cost of sales increased from RMB2,069.5 million for the six months ended June 30, 2024 to RMB6,054.9 million for the six months ended June 30, 2025. These increases were in line with our increased sales volume of ESS batteries and energy storage systems.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

The following table sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin by product type for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
ESS batteries	272,282	10.7	993,269	12.5	719,258	9.0	60,319	3.2	526,629	9.7
Energy storage systems	136,436	15.0	261,192	13.2	1,573,719	33.7	18,862	11.2	380,048	29.7
Materials and others[(1)]	1,571	0.9	(16,615)	(6.1)	15,583	5.5	(1,090)	(1.0)	9,662	4.0
Total/Overall	**410,289**	**11.3**	**1,237,846**	**12.1**	**2,308,560**	**17.9**	**78,091**	**3.6**	**916,339**	**13.1**

Note:

(1) Materials and others mainly include materials related to ESS batteries. We recorded gross loss of materials and others for the year ended December 31, 2023 with a negative gross margin of 6.1%, primarily due to the decreased sales prices of materials related to ESS batteries compared to its purchase price as a result of the fluctuation of the prices of raw materials during the year. We recorded gross loss of materials and others for the six months ended June 30, 2024 with a negative gross margin of 1.0%, primarily due to fluctuations in raw material prices.

Our gross profit increased from RMB410.3 million in 2022 to RMB1,237.8 million in 2023, primarily due to a significant increase of gross profit from our ESS batteries from RMB272.3 million in 2022 to RMB993.3 million in 2023, as well as the increase of gross profit from energy storage systems from RMB136.4 million in 2022 to RMB261.2 million in 2023. The increase of gross profit was in line with the significant increase in our revenue from sales of ESS batteries and energy storage systems. Our overall gross profit margin increased from 11.3% in 2022 to 12.1% in 2023, primarily attributable to an increase in gross profit margin of ESS batteries from 10.7% in 2022 to 12.5% in 2023. The increase of gross profit margin of ESS batteries was primarily because we achieved improved economies of scale with the expansion of our production capacity, and we established a further optimized and highly efficient manufacturing process to improve manufacturing efficiency.

Our gross profit increased from RMB1,237.8 million in 2023 to RMB2,308.6 million in 2024, primarily due to a significant increase of gross profit generated from energy storage systems from RMB261.2 million in 2023 to RMB1,573.7 million in 2024. The increase of gross profit of energy storage systems was primarily due to an increase in our revenue from energy storage systems. Our overall gross profit margin increased from 12.1% in 2023 to 17.9% in 2024, primarily attributable to an increase in gross profit margin of energy storage systems from 13.2% in 2023 to 33.7% in 2024. The increase of gross profit margin was primarily due to the increased sales of energy storage systems overseas in 2024 which entailed comparatively higher gross profit margin.

Our gross profit increased from RMB78.1 million for the six months ended June 30, 2024 to RMB916.3 million for the six months ended June 30, 2025, primarily due to an increase of gross profit from our ESS batteries from RMB60.3 million for the six months ended June 30, 2024 to RMB526.6 million for the six months ended June 30, 2025, as well as the increase of gross profit from energy storage systems from RMB18.9 million for the six months ended June 30, 2024 to RMB380.0 million for the six months ended June 30, 2025. The increase of gross profit was in line with the increase in our revenue from sales of ESS batteries and energy storage systems. Our overall gross profit margin increased from 3.6% for the six months ended June 30, 2024 to 13.1% for the six months ended June 30, 2025, primarily attributable to (i) an increase in gross profit margin of energy storage systems from 11.2% to 29.7%, driven by the growth in our overseas sales volume of energy storage systems from 0.1GWh to 1.6GWh, which commanded higher gross profit margins compared to domestic sales; and (ii) an increase in gross profit margin of ESS batteries from 3.2% to 9.7%, recovering from the lower margin in the first half of 2024 which reflected (a) lower capacity utilization rates for certain production lines, including those in capacity ramp-up phase, which resulted in higher unit costs due to the allocation of fixed depreciation and amortization expenses; and (b) the relatively pronounced impact of inventory write-downs on gross margin given the relatively small revenue base in the first half of 2024.

The following table sets forth a breakdown of our gross profit and gross profit margin by geographic region for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Mainland China	410,276	11.3	1,205,619	11.9	744,752	8.1	53,563	2.6	544,273	9.5
The United States	8.9	52.4	15	2.8	1,456,296	43.0	0[(2)]	1.7	299,664	36.5
Others[(1)]	4.1	25.6	32,212	32.0	107,512	34.2	24,528	34.7	72,402	18.1
Total/Overall	**410,289**	**11.3**	**1,237,846**	**12.1**	**2,308,560**	**17.9**	**78,091**	**3.6**	**916,339**	**13.1**

Note:

(1) Other overseas markets primarily include Europe, the Middle East, Africa and Australia.

(2) Represents amount less than RMB500.

For the years ended December 31, 2022, 2023 and 2024, our gross profit margin for overseas sales was 39.4% in 2022, 31.9% in 2023, 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 sales in mainland China of 11.3% in 2022, 11.9% in 2023, 8.1% in 2024, and 2.6% and 9.5% for the six months ended June 30, 2024 and 2025, respectively. The lower domestic margin for the six months ended June 30, 2024 was primarily due to lower capacity utilization rates for certain production lines, including those in capacity ramp-up phase. The difference between our gross profit margins in overseas and domestic markets was primarily because (i) we mainly sold energy storage systems with a higher average selling price 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, enabling us to achieve higher profit margins. According to CIC, the difference between our gross profit margins in China and overseas is consistent with industry norm.

Other Income

Our other income consists of (i) interest income, (ii) government grants primarily for our manufacturing and R&D activities, (iii) extra deduction of VAT, and (iv) others.

The following table sets forth a breakdown of our other income, in absolute amount and as a percentage of our total other income, for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Interest income from banks and other financial assets at amortized cost	11,250	47.3	81,526	33.5	76,069	15.2	39,925	24.4	58,291	14.3
Government grants	11,243	47.3	100,972	41.5	414,051	82.3	120,345	73.6	333,972	81.9
Extra deduction of value-added-tax ("VAT")[(1)]	–	–	51,689	21.3	10,269	2.0	1,530	0.9	14,151	3.5
Others	1,296	5.4	8,907	3.7	2,480	0.5	1,661	1.1	1,295	0.3
Total	**23,789**	**100.0**	**243,094**	**100.0**	**502,869**	**100.0**	**163,461**	**100.0**	**407,709**	**100.0**

Note:

(1) According to the State Taxation Administration of the PRC, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input tax from the VAT payable.

Other Gains and Losses

Our other gains and losses consist of (i) fair value loss on puttable shares liabilities related to shares held by our [**REDACTED**] Investors, (ii) fair value loss on derivative financial liabilities, (iii) fair value gain on financial assets at FVTPL, (iv) gain (loss) on disposal of property, plant and equipment, (v) net foreign exchange losses, (vi) loss on discounting receivables at FVTOCI, and (vii) others.

The following table sets forth a breakdown of our other gains and losses by nature, in absolute amounts, for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Fair value loss on puttable shares liabilities	(1,290,461)	(1,715,798)	–	–	–
Fair value (loss)/gain on derivative financial liabilities	–	–	(4,511)	–	2,139
Fair value gain on financial assets at FVTPL	5	13,628	35,372	17,770	11,894
Gain (loss) on disposal of property, plant and equipment	267	(3,129)	2,869	1,810	123
Net foreign exchange losses	(717)	(3,334)	(4,421)	(620)	(1,707)
Loss on discounting receivables at FVTOCI	–	(8,460)	(6,629)	(2,476)	(8,622)
Others	(544)	(1,157)	(1,658)	(818)	(492)
Total	**(1,291,450)**	**(1,718,250)**	**21,022**	**15,666**	**3,335**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) staff costs in relation with the salaries, compensation and other costs from our sales and marketing staff, (ii) marketing expenses associated with our advertising and branding activities, (iii) travel expenses, (iv) business development expenses, (v) depreciation and amortization, and (vi) others, which primarily include office expenses, transportation expenses and insurance expenses, etc.

The following table sets forth a breakdown of our selling and marketing expenses by nature, in absolute amounts and as percentages of total selling and marketing expenses, for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	33,756	48.0	97,878	40.7	141,721	46.7	77,147	54.2	95,656	50.3
Marketing expenses	20,839	29.6	79,953	33.3	78,778	26.0	24,468	17.2	31,483	16.6
Travel expenses	4,915	7.0	31,285	13.0	36,433	12.0	20,317	14.3	18,156	9.6
Business development expenses	4,849	6.9	13,441	5.6	15,636	5.2	6,775	4.7	9,164	4.8
Depreciation and amortization	689	1.0	3,199	1.3	3,532	1.2	566	0.4	4,685	2.5
Others	5,295	7.5	14,607	6.1	27,122	8.9	13,141	9.2	30,877	16.2
Total	**70,343**	**100.0**	**240,363**	**100.0**	**303,222**	**100.0**	**142,414**	**100.0**	**190,021**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of (i) share-based payment, (ii) staff costs in relation with the salaries, compensation and other costs from our administrative staff, (iii) office expenses, (iv) warehousing and transportation expenses, (v) consulting service expenses, (vi) depreciation and amortization, (vii) travel expenses, (viii) taxes and surcharges, and (ix) others.

The following table sets forth a breakdown of our administrative expenses by nature, in absolute amounts and as percentages of total administrative expenses, for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Share-based payment	381,811	58.4	33,989	4.8	23,591	3.0	13,265	4.0	26,122	5.4
Staff costs	140,357	21.5	382,237	53.8	333,084	42.2	141,916	43.3	206,078	42.1
Office expenses	24,032	3.7	52,306	7.4	42,583	5.4	23,161	7.1	12,143	2.5
Warehousing and transportation expenses	18,365	2.8	74,330	10.5	79,315	10.0	31,026	9.5	29,320	6.0
Consulting service expenses	15,376	2.4	20,392	2.9	54,889	7.0	17,813	5.4	49,027	10.0
Depreciation and amortization	11,111	1.7	52,363	7.4	96,527	12.2	44,536	13.6	72,841	14.9
Travel expenses	9,960	1.5	23,499	3.3	37,879	4.8	13,473	4.1	22,059	4.5
Taxes and surcharges	8,343	1.3	24,580	3.4	49,807	6.3	20,796	6.3	27,989	5.7
Others	43,858	6.7	46,619	6.5	72,151	9.1	21,856	6.7	43,516	8.9
Total	**653,213**	**100.0**	**710,315**	**100.0**	**789,826**	**100.0**	**327,842**	**100.0**	**489,095**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of (i) staff costs in relation with the salaries, compensation and other costs from our R&D staff, (ii) materials consumed, (iii) depreciation and amortization of our fixed assets and right-of-use assets, (iv) testing expenses, (v) utilities, and (vi) others.

The following table sets forth a breakdown of our research and development expenses by nature, in absolute amounts and as percentages of total research and development expenses, for the year/period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	84,954	43.0	210,080	43.3	264,538	49.9	137,341	51.7	124,093	45.7
Materials consumed	38,414	19.5	85,660	17.7	36,973	7.0	14,776	5.6	37,038	13.6
Depreciation and amortization	24,090	12.2	68,925	14.2	104,991	19.8	54,347	20.5	46,013	17.0
Testing expenses	14,466	7.3	23,536	4.9	23,163	4.4	8,508	3.2	15,706	5.8
Utilities	13,393	6.8	53,195	11.0	46,841	8.8	23,514	8.9	21,342	7.9
Others	22,050	11.2	43,519	8.9	53,532	10.1	27,136	10.1	27,208	10.0
Total	**197,367**	**100.0**	**484,915**	**100.0**	**530,038**	**100.0**	**265,622**	**100.0**	**271,400**	**100.0**

Impairment Losses under Expected Credit Loss Model

We record net reversal of impairment losses under expected credit loss ("ECL") model of RMB0.5 million in 2022, and impairment losses under ECL model, net of reversal, of RMB171.2 million, RMB532.3 million, RMB89.0 million and RMB28.9 million in 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. The change mainly related to the increase in our trade and other receivables. See "— Discussion of Key Balance Sheet Items — Trade, Bills and Other Receivables."

Share of Results of Associates

Our share of results of associates represents the profits and losses from long-term investments in our associates. During the Track Record Period, we recorded share of profits of associates of RMB1.9 million and RMB0.8 million in 2022 and for the six months ended June 30, 2025, and share of losses of associates of RMB3.2 million, RMB20.2 million and RMB5.8 million in 2023 and 2024 and for the six months ended June 30, 2024, respectively.

Finance Costs

Our finance costs consist of (i) interest on lease liabilities, (ii) interest on discounting bills receivables, and (iii) interest on bank and other borrowings.

The following table sets forth a breakdown of our finance costs for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Interest on lease liabilities	1,391	3,212	3,559	1,616	3,528
Interest on discounting bills receivables	–	41	587	289	1,127
Interest on bank and other borrowings	71,879	243,450	342,238	169,044	191,176
Total borrowing costs	**73,270**	**246,703**	**346,384**	**170,949**	**195,831**
Less: Amounts capitalized in the cost of qualifying assets[(1)]	(8,537)	(40,259)	(10,644)	(5,707)	(6,860)
Total	**64,733**	**206,444**	**335,740**	**165,242**	**188,971**

Note:

(1) During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, borrowing cost arose on certain bank borrowings were capitalized to expenditure on construction in progress at a weighted average rate of 3.42%, 4.08%, 4.01%, 4.18% and 3.70%, respectively.

Income Tax Credit/(Expense)

In 2022, 2023 and for the six months ended June 30, 2024 and 2025, we recorded income tax credit of RMB63.8 million, RMB78.8 million, RMB130.5 million and RMB60.7 million, respectively. In 2024, we recorded income tax expense of RMB26.7 million.

(Loss)/Profit for the Year/Period

In 2022 and 2023, we recorded net loss of RMB1,776.9 million and RMB1,975.0 million, respectively which was mainly attributable to the significant amount of fair value loss on puttable shares liabilities of RMB1,290.5 million and RMB1,715.8 million for the same years, respectively. We recorded net loss of RMB608.2 million for the six months ended June 30, 2024, and net profit of RMB287.6 million and RMB212.8 million in 2024 and for the six months ended June 30, 2025.

TAXATION

We and our subsidiaries in China are generally subject to a general PRC enterprise income tax ("**EIT**") rate of at the statutory rate of 25%. Our Company and three of our PRC subsidiaries are qualified as High New Tech Enterprise in 2022, 2023 and 2024 (with two subsidiaries qualified in 2024), respectively, and are entitled to a preferential income tax rate of 15% for a period of three years from 2022 to 2024, from 2023 to 2025 and from 2024 to 2026 (with two subsidiaries covered from 2024 to 2026), respectively. As of the Latest Practicable Date, our Company is applying for renewal of the High New Tech Enterprise certification and the renewal procedures is in progress. Our other PRC subsidiaries are subjected to PRC EIT rate of 25% during the Track Record Period. As of the Latest Practicable Date, we had not had any material dispute with any tax authority.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATION

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

Revenue

Our revenue increased by 224.6% from RMB2,147.6 million for the six months ended June 30, 2024 to RMB6,971.2 million for the six months ended June 30, 2025, primarily due to the growth in revenue from both ESS batteries and energy storage systems.

ESS Batteries

Our revenue generated from our ESS batteries increased by 191.2% from RMB1,871.6 million for the six months ended June 30, 2024 to RMB5,449.3 million for the six months ended June 30, 2025, primarily due to the increased sales volume of our ESS batteries from 5.9 GWh for the six months ended June 30, 2024 to 22.9 GWh for the six months ended June 30, 2025, mainly attributable to our technological advantages and well-established sales network, driving a significant increase in our sales volumes; partially offset by the decrease in average selling price of ESS batteries from RMB0.32/Wh to RMB0.24/Wh primarily due to a decrease in raw material prices and in response to market competition.

Energy Storage Systems

Our revenue generated from sales of energy storage systems increased significantly by 658.3% from RMB168.7 million for the six months ended June 30, 2024 to RMB1,279.2 million for the six months ended June 30, 2025, primarily due to an increase in our sales volume of our energy storage systems from 0.21 GWh for the six months ended June 30, 2024 to 1.72 GWh for the six months ended June 30, 2025, which was primarily attributable to (i) the rapid growth of global energy storage installations; (ii) our accelerated international business expansion efforts resulting in increased overseas sales orders; and (iii) our ability to capitalize on market opportunities through our technological advantages and well-established sales network.

Cost of Sales

Our cost of sales increased by 192.6% from RMB2,069.5 million for the six months ended June 30, 2024 to RMB6,054.9 million for the six months ended June 30, 2025, primarily due to an increase in material costs as a result of a significant increase in sales volume of our energy storage products.

ESS Batteries

Our cost of sales of ESS batteries increased by 171.8% from RMB1,811.3 million for the six months ended June 30, 2024 to RMB4,922.6 million for the six months ended June 30, 2025, primarily due to (i) an increase in material cost for producing ESS batteries, and (ii) an increase in manufacturing cost, both driven by the increased sales of our ESS batteries.

Energy Storage Systems

Our cost of sales of energy storage systems increased significantly by 500.1% from RMB149.8 million for the six months ended June 30, 2024 to RMB899.2 million for the six months ended June 30, 2025, primarily due to (i) an increase in material cost for producing ESS storage systems, and (ii) an increase in manufacturing cost, both driven by the increased sales of our energy storage systems.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 1,073.4% from RMB78.1 million for the six months ended June 30, 2024 to RMB916.3 million for the six months ended June 30, 2025 and our gross profit margin increased from 3.6% for the six months ended June 30, 2024 to 13.1% for the six months ended June 30, 2025.

Our gross profit generated from ESS batteries increased significantly by 773.1% from RMB60.3 million for the six months ended June 30, 2024 to RMB526.6 million for the six months ended June 30, 2025. Our gross profit margin of ESS batteries increased from 3.2% for the six months ended June 30, 2024 to 9.7% for the six months ended June 30, 2025. The lower gross profit margin for the six months ended June 30, 2024 was primarily due to (i) lower capacity utilization rates for certain production lines, including those in capacity ramp-up phase, which resulted in higher unit costs due to the allocation of fixed depreciation and amortization expenses; and (ii) the relatively pronounced impact of inventory write-downs on gross margin given the relatively small revenue base in the first half of 2024.

Our gross profit generated from energy storage systems increased significantly by 1,914.9% from RMB18.9 million for the six months ended June 30, 2024 to RMB380.0 million for the six months ended June 30, 2025. Our gross profit margin of energy storage systems increased from 11.2% for the six months ended June 30, 2024 to 29.7% for the six months ended June 30, 2025, primarily due to the increased sales of energy storage systems overseas from 0.1GWh to 1.6 GWh, which entailed comparatively higher gross profit margin.

Other Income

Our other income increased by 149.4% from RMB163.5 million for the six months ended June 30, 2024 to RMB407.7 million for the six months ended June 30, 2025, primarily due to (i) an increase in income-related government grants, mainly related to enterprise development support and innovation capability incentives, from RMB76.1 million for the six months ended June 30, 2024 to RMB263.5 million for the six months ended June 30, 2025, and (ii) an increase in assets-related government grants from RMB44.2 million for the six months ended June 30, 2024 to RMB70.5 million for the six months ended June 30, 2025, as incentive for investing in manufacturing facilities.

Other Gains and Losses

We recorded other gains of RMB15.7 million for the six months ended June 30, 2024 and other gains of RMB3.3 million for the six months ended June 30, 2025, primarily due to (i) an increase in loss on discounting receivables at FVTOCI from RMB2.5 million for the six months ended June 30, 2024 to RMB8.6 million for the six months ended June 30, 2025, and (ii) a decrease in fair value gain on financial assets at FVTPL from RMB17.8 million for the six months ended June 30, 2024 to RMB11.9 million for the six months ended June 30, 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 33.4% from RMB142.4 million for the six months ended June 30, 2024 to RMB190.0 million for the six months ended June 30, 2025, primarily due to (i) an increase in staff costs from RMB77.1 million for the six months ended June 30, 2024 to RMB95.7 million for the six months ended June 30, 2025 as a result of the expansion of our overseas sales team to support our global market expansion, (ii) an increase in other expenses from RMB13.1 million for the six months ended June 30, 2024 to RMB30.9 million for the six months ended June 30, 2025, primarily due to our expanded sales and marketing activities, which were generally in line with our growing business scale, and (iii) an increase in marketing expenses from RMB24.5 million for the six months ended June 30, 2024 to RMB31.5 million for the six months ended June 30, 2025 due to increased overseas exhibition and event expenses.

Administrative Expenses

Our administrative expenses increased by 49.2% from RMB327.8 million for the six months ended June 30, 2024 to RMB489.1 million for the six months ended June 30, 2025, primarily due to (i) an increase in staff costs from RMB141.9 million for the six months ended June 30, 2024 to RMB206.1 million for the six months ended June 30, 2025 as a result of the increased number of administrative staff to support our continued business expansion and capacity increases, (ii) an increase in consulting service expenses from RMB17.8 million for the six months ended June 30, 2024 to RMB49.0 million for the six months ended June 30, 2025 to support our growing business scale, and (iii) an increase in depreciation and amortization expenses from RMB44.5 million for the six months ended June 30, 2024 to RMB72.8 million for the six months ended June 30, 2025 arising from our newly added land and facilities.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB265.6 million and RMB271.4 million for the six months ended June 30, 2024 and 2025, respectively.

Impairment Losses under Expected Credit Loss Model

Our impairment losses under ECL model, net of reversal, decreased by 67.5% from RMB89.0 million for the six months ended June 30, 2024 to RMB28.9 million for the six months ended June 30, 2025, primarily due to the decrease in our trade and other receivables.

Share of Results of Associates

We recorded share of losses of associates of RMB5.8 million for the six months ended June 30, 2024 and share of profits of associates of RMB0.8 million for the six months ended June 30, 2025. The fluctuations reflect our share of profits and losses from investments in associates.

Finance Costs

Our finance costs increased by 14.4% from RMB165.2 million for the six months ended June 30, 2024 to RMB189.0 million for the six months ended June 30, 2025, primarily due to an increase in interest on bank and other borrowings from RMB169.0 million for the six months ended June 30, 2024 to RMB191.2 million for the six months ended June 30, 2025 as a result of increased bank and other borrowings to support our business expansion.

Income Tax Credit

We recorded income tax credit of RMB130.5 million for the six months ended June 30, 2024. For the six months ended June 30, 2025, despite recording profit before tax, we recorded income tax credit of RMB60.7 million, which was primarily due to a deferred tax credit of RMB143.8 million and an over provision in prior years of RMB24.0 million, partially offset by current tax of RMB107.1 million.

(Loss)/Profit for the Period

As a result of the foregoing, we recorded net loss of RMB608.2 million for the six months ended June 30, 2024 and net profit of RMB212.8 million for the six months ended June 30, 2025.

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

Revenue

Our revenue increased by 26.6% from RMB10,201.8 million in 2023 to RMB12,916.8 million in 2024, primarily due to the growth in revenue from energy storage systems.

ESS Batteries

Our revenue generated from our ESS batteries remained relatively stable from RMB7,957.2 million in 2023 to RMB7,960.6 million in 2024, primarily due to the increased sales volume of our ESS batteries from 15.6GWh in 2023 to 28.3GWh in 2024; partially offset by the decrease in average selling price of ESS batteries from RMB0.51/Wh to RMB0.28/Wh primarily due to a decrease in raw material prices and in response to market competition.

Energy Storage Systems

Our revenue generated from sales of energy storage systems increased significantly by 136.7% from RMB1,973.2 million in 2023 to RMB4,670.5 million in 2024, primarily due to an increase in our sales volume of our energy storage systems from 2.2GWh in 2023 to 5.3GWh in 2024, which was primarily attributable to the significant increase in overseas sales as a result of our global expansion efforts.

Cost of Sales

Our cost of sales increased by 18.3% from RMB8,964.0 million in 2023 to RMB10,608.2 million in 2024, primarily due to an increase in material costs from RMB7,111.3 million in 2023 to RMB8,169.1 million in 2024 as a result of a significant increase in sales volume of our energy storage products.

ESS Batteries

Our cost of sales of ESS batteries increased by 4.0% from RMB6,963.9 million in 2023 to RMB7,241.4 million in 2024, primarily due to an increase in material cost for producing ESS batteries, driven by the increased sales of our ESS batteries.

Energy Storage Systems

Our cost of sales of energy storage systems increased by 80.9% from RMB1,712.0 million in 2023 to RMB3,096.8 million in 2024, primarily due to an increase in material cost driven by the increased overseas sales of our energy storage systems.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 86.5% from RMB1,237.8 million in 2023 to RMB2,308.6 million in 2024 and our gross profit margin increased from 12.1% in 2023 to 17.9% in 2024.

Our gross profit generated from ESS batteries decreased by 27.6% from RMB993.3 million in 2023 to RMB719.3 million in 2024, due to a reduced average selling price as a result of a decline in raw material prices and in response to market competition. Our gross profit margin of ESS batteries decreased from 12.5% in 2023 to 9.0% in 2024, primarily due to a decrease of averaging selling price of ESS batteries primarily as a result of a decrease in raw material prices and in response to market competition.

Our gross profit generated from energy storage systems increased by 502.5% from RMB261.2 million in 2023 to RMB1,573.7 million in 2024, mainly driven by increased sales from energy storage systems. Our gross profit margin of energy storage systems increased from 13.2% in 2023 to 33.7% in 2024, primarily due to the increased sales of energy storage systems overseas in 2024 which entailed comparatively higher gross profit margin.

Other Income

Our other income increased by 106.9% from RMB243.1 million in 2023 to RMB502.9 million in 2024, primarily due to an increase in government grants to support our manufacturing and R&D activities from RMB101.0 million in 2023 to RMB414.1 million in 2024.

Other Gains and Losses

We recorded other losses of RMB1,718.3 million in 2023 and other gains of RMB21.0 million in 2024, primarily because we recorded fair value loss on puttable shares liabilities of RMB1,715.8 million in 2023, which was nil in 2024, as the obligations arising from the redemption rights and liquidation preferences attached to relevant shares were terminated in 2023.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 26.2% from RMB240.4 million in 2023 to RMB303.2 million in 2024, primarily due to an increase in staff costs from RMB97.9 million in 2023 to RMB141.7 million in 2024 as a result of the increased number of sales staff to support our expansion of sales in overseas markets.

Administrative Expenses

Our administrative expenses increased by 11.2% from RMB710.3 million in 2023 to RMB789.8 million in 2024, primarily due to an increase in depreciation and amortization expenses from RMB52.4 million in 2023 to RMB96.5 million in 2024 primarily as a result of increased property space to support our business expansion, partially offset by a decrease in staff costs as a result of our enhanced efficiency.

Research and Development Expenses

Our research and development expenses increased by 9.3% from RMB484.9 million in 2023 to RMB530.0 million in 2024, primarily due to (i) an increase in staff costs from RMB210.1 million in 2023 to RMB264.5 million in 2024 primarily as a result of the recruitment of additional senior R&D staff in 2024 to support our R&D activities, and (ii) an increase in depreciation and amortization expenses resulting from the addition of new research and development equipment from RMB68.9 million in 2023 to RMB105.0 million in 2024.

Impairment Losses under Expected Credit Loss Model

Our impairment losses under ECL model, net of reversal, increased from RMB171.2 million in 2023 to RMB532.3 million in 2024, primarily due to the increase in our trade and other receivables. See "— Discussion of Key Balance Sheet Items — Trade, Bills and Other Receivables" in this section for more details.

Share of Results of Associates

We recorded share of losses of associates of RMB3.2 million in 2023 and RMB20.2 million in 2024. The fluctuations reflect our share of profits and losses from investments in associates.

Finance Costs

Our finance costs increased by 62.6% from RMB206.4 million in 2023 to RMB335.7 million in 2024, primarily due to an increase in interest on bank and other borrowings from RMB243.5 million in 2023 to RMB342.2 million in 2024 as a result of increased bank and other borrowings to support our business expansion.

Income Tax (Credit)/Expense

We recorded income tax credit of RMB78.8 million in 2023 and income tax expense of RMB26.7 million in 2024, respectively.

(Loss)/Profit for the Year

As a result of the foregoing, we recorded net loss of RMB1,975.0 million in 2023 and net profit of RMB287.6 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 182.2% from RMB3,614.9 million in 2022 to RMB10,201.8 million in 2023, primarily due to the strong growth in revenue from both ESS batteries and energy storage systems.

ESS Batteries

Our revenue generated from sales of ESS batteries increased significantly by 213.5% from RMB2,538.3 million in 2022 to RMB7,957.2 million in 2023, primarily due to an increase in our sales volume from 3.3GWh in 2022 to 15.6GWh in 2023 of our ESS batteries, partially offset by the decrease in average selling price of ESS batteries from RMB0.77/Wh to RMB0.51/Wh primarily due to a decline in raw material prices and in response to market competition. The increase in our sales volume was primarily due to (i) the increase in demand for our ESS batteries and our continued efforts in marketing and promoting our products, and (ii) the increased production volume of our products with the expansion of production capacity as our production has been ramping up.

Energy Storage Systems

Our revenue generated from sales of energy storage systems increased by 117.0% from RMB909.5 million in 2022 to RMB1,973.2 million in 2023, primarily due to an increase in our sales volume from 1.0GWh in 2022 to 2.2GWh in 2023 of our energy storage systems. The increase in our sales volume was primarily due to the increase in demand for our energy storage systems and our continued efforts in marketing and promoting our products.

Cost of Sales

Our cost of sales increased by 179.7% from RMB3,204.6 million in 2022 to RMB8,964.0 million in 2023, primarily due to an increase in material costs from RMB2,630.3 million in 2022 to RMB7,111.3 million in 2023 as a result of a significant increase in sales volume of our energy storage products.

ESS Batteries

Our cost of sales of ESS batteries increased by 207.3% from RMB2,266.0 million in 2022 to RMB6,963.9 million in 2023, primarily due to (i) an increase in material cost for producing ESS batteries, and (ii) an increase in manufacturing cost, both driven by the increased sales of our ESS batteries.

Energy Storage Systems

Our cost of sales of energy storage systems increased by 121.5% from RMB773.1 million in 2022 to RMB1,712.0 million in 2023, primarily due to (i) an increase in material cost, and (ii) an increase in manufacturing cost, both driven by the increased sales of our energy storage systems.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased significantly by 201.7% from RMB410.3 million in 2022 to RMB1,237.8 million in 2023 and our gross profit margin increased from 11.3% in 2022 to 12.1% in 2023. This is primarily driven by the increased gross profit and gross profit margin for ESS batteries.

Our gross profit generated from ESS batteries increased by 264.8% from RMB272.3 million in 2022 to RMB993.3 million in 2023, and gross profit margin of ESS batteries increased from 10.7% in 2022 to 12.5% in 2023. The increase of gross profit margin of ESS batteries was primarily because we achieved improved economies of scale with the expansion of our production capacity, and we established a further optimized and highly efficient manufacturing process to improve manufacturing efficiency.

Our gross profit generated from energy storage systems increased by 91.4% from RMB136.4 million in 2022 to RMB261.2 million in 2023, and gross profit margin of energy storage systems slightly decreased from 15.0% in 2022 to 13.2% in 2023, respectively.

Other Income

Our other income increased significantly by 921.9% from RMB23.8 million in 2022 to RMB243.1 million in 2023, primarily due to (i) an increase in government grants from RMB11.2 million in 2022 to RMB101.0 million in 2023 to support our manufacturing and R&D activities, (ii) an increase in income from interest of our bank deposit from RMB11.3 million in 2022 to RMB81.5 million in 2023, and (iii) an extra deduction of VAT of RMB51.7 million recorded in 2023.

Other Gains and Losses

Our other losses increased by 33.0% from RMB1,291.5 million to RMB1,718.3 million in 2023, primarily due to an increase of fair value loss on puttable shares liabilities from RMB1,290.5 million in 2022 to RMB1,715.8 million in 2023 in relation to the shares held by our [**REDACTED**] Investors.

Selling and Marketing Expenses

Our selling and marketing expenses increased significantly by 241.7% from RMB70.3 million in 2022 to RMB240.4 million in 2023, primarily due to (i) an increase in staff costs from RMB33.8 million in 2022 to RMB97.9 million in 2023 as a result of the increased number of sales staff to support our increased marketing efforts and business expansion, (ii) an increase in marketing expenses from RMB20.8 million in 2022 to RMB80.0 million in 2023 due to our increased marketing and branding activities, and (iii) an increase in travel expenses of our staff from RMB4.9 million in 2022 to RMB31.3 million in 2023 as a result of our increased marketing activities.

Administrative Expenses

Our administrative expenses increased by 8.7% from RMB653.2 million in 2022 to RMB710.3 million in 2023, primarily due to an increase in staff costs from RMB140.4 million in 2022 to RMB382.2 million in 2023 as a result of the increased number of administrative staff to support our growing business scale, which was partially offset by a decrease in share-based payment from RMB381.8 million in 2022 to RMB34.0 million in 2023, primarily due to a large number of shares being granted and immediately vested under our [**REDACTED**] share incentive scheme in 2022.

Research and Development Expenses

Our research and development expenses increased by 145.7% from RMB197.4 million in 2022 to RMB484.9 million in 2023, primarily due to (i) an increase in staff costs from RMB85.0 million in 2022 to RMB210.1 million in 2023 as a result of the increased number of R&D staff to support our increased R&D activities, and (ii) an increase in material costs from RMB38.4 million in 2022 to RMB85.7 million in 2023 as a result of our increased R&D activities.

Impairment Losses under Expected Credit Loss Model

We record net reversal of impairment losses under ECL model of RMB0.5 million in 2022, and impairment losses under ECL model, net of reversal, of RMB171.2 million in 2023, primarily due to the increase in our trade and other receivables in 2023.

Share of Results of Associates

We recorded share of profits of associates of RMB1.9 million in 2022, and share of losses of associates of RMB3.2 million in 2023. The fluctuations reflect our share of profits and losses from investments in associates.

Finance Costs

Our finance costs increased significantly by 218.9% from RMB64.7 million in 2022 to RMB206.4 million in 2023, primarily due to an increase in interest on bank and other borrowings from RMB71.9 million in 2022 to RMB243.5 million in 2023 as a result of increased bank and other borrowings to support our business expansion.

Income Tax Credit

We recorded income tax credit of RMB63.8 million and RMB78.8 million in 2022 and 2023, respectively.

Loss For the Year

As a result of the foregoing, our net losses increased by 11.2% from RMB1,776.9 million in 2022 to RMB1,975.0 million in 2023.

DISCUSSION OF KEY BALANCE SHEET ITEMS

The following table sets forth a summary of consolidated balance sheet as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
NON-CURRENT ASSETS				
Property, plant and equipment	3,375,607	9,011,100	9,925,295	10,881,167
Right-of-use assets	383,973	434,821	787,196	766,662
Goodwill	1,351	1,351	1,351	1,351
Intangible assets	23,410	31,128	52,145	58,194
Investments accounted for using the equity method	153,579	253,220	281,491	281,139
Financial assets at fair value through profit or losses ("FVTPL")	–	–	–	10,000
Equity instrument at FVTOCI	100	206	206	206

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Restricted bank deposits	5,963	6,096	6,131	–
Trade, bills and other receivables	–	–	785,301	461,927
Contract assets	–	5,327	59,849	190,775
Deferred tax assets	108,451	187,263	326,029	458,469
Other long-term prepayments	630,378	309,679	236,477	313,263
Time deposits	–	323,712	332,992	336,831
Total non-current assets	**4,682,812**	**10,563,903**	**12,794,463**	**13,759,984**
Total current assets	**5,326,440**	**13,460,737**	**18,655,973**	**20,936,131**
Total current liabilities	**9,291,565**	**9,742,677**	**14,440,018**	**17,530,725**
NET CURRENT (LIABILITIES) ASSETS	**(3,965,125)**	**3,718,060**	**4,215,955**	**3,405,406**
TOTAL ASSETS LESS CURRENT LIABILITIES	**717,687**	**14,281,963**	**17,010,418**	**17,165,390**
NON-CURRENT LIABILITIES				
Bank and other borrowings	1,992,290	4,985,814	6,325,023	6,038,024
Provisions	44,829	179,316	469,491	556,357
Lease liabilities	21,639	47,795	87,771	79,969
Deferred income	295,955	1,016,819	1,651,275	1,793,143
Deferred tax liabilities	–	–	18,753	7,383
	2,354,713	**6,229,744**	**8,552,313**	**8,474,876**
NET (LIABILITIES) ASSETS	(1,637,026)	8,052,219	8,458,105	8,690,514
CAPITAL AND RESERVES				
Share capital	166,768	1,021,923	1,021,923	1,094,745
Reserves	(1,872,940)	6,663,295	6,944,503	7,103,433
Equity attributable to owners of the Company	(1,706,172)	7,685,218	7,966,426	8,198,178
Non-controlling interests	69,146	367,001	491,679	492,336
TOTAL (DEFICIT) EQUITY	**(1,637,026)**	**8,052,219**	**8,458,105**	**8,690,514**

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
					(unaudited)
	(RMB in thousands)				
Current assets					
Inventories	1,967,667	1,420,455	2,125,115	4,296,685	5,670,706
Trade, bills and other receivables	646,900	5,124,504	9,334,739	9,181,954	9,212,772
Contract assets	43,709	155,249	269,902	326,033	348,965
Tax recoverable	–	7,232	–	6,520	9,959
Financial assets at fair value Through profit or losses ("FVTPL")	–	549,012	–	–	1,043,623
Receivables at FVTOCI	176,494	65,320	310,826	472,629	355,751
Restricted bank deposits	239,183	854,464	2,321,608	2,696,498	3,605,690
Time deposits	–	–	–	50,500	30,000
Cash and cash equivalents	2,252,487	5,284,501	4,293,783	3,905,312	2,712,437
Total current assets	**5,326,440**	**13,460,737**	**18,655,973**	**20,936,131**	**22,989,903**
Current liabilities					
Trade, bills and other payables	2,645,040	6,475,575	9,825,968	10,940,218	12,083,418
Tax payables	–	–	146,800	91,574	79,382
Bank and other borrowings	1,112,430	3,105,333	3,657,588	4,932,032	5,413,057
Provisions	5,922	35,172	71,394	95,553	100,740
Lease liabilities	21,422	26,517	48,267	39,866	35,525
Contract liabilities	595,610	100,080	685,490	1,431,482	2,032,019
Financial liabilities at FVTPL	4,911,141	–	4,511	–	–
Total current liabilities	**9,291,565**	**9,742,677**	**14,440,018**	**17,530,725**	**19,744,141**
Net current (liabilities) assets	**(3,965,125)**	**3,718,060**	**4,215,955**	**3,405,406**	**3,245,762**

We recorded net current liabilities of RMB3,965.1 million as of December 31, 2022 and net current assets of RMB3,718.1 million as of December 31, 2023, primarily due to (i) an RMB4,477.6 million increase in trade, bills and other receivables due to the increased sales of our products; (ii) an RMB3,032.0 million increase in cash and cash equivalents, and (iii) an RMB4,911.1 million decrease in financial liabilities at FVTPL; and partially offset by (i) an RMB3,830.5 million increase in trade, bills and other payables due to an increase in procurement of raw materials; and (ii) an RMB1,992.9 million increase in bank and other borrowings.

Our net current assets increased from RMB3,718.1 million as of December 31, 2023 to RMB4,216.0 million as of December 31, 2024, primarily due to (i) an RMB4,210.2 million increase in trade, bills and other receivables due to an increase in sales of our products; (ii) an RMB1,467.1 million increase in restricted bank deposits; and partially offset by (i) an RMB3,350.4 million increase in trade, bills and other payables due to an increase in procurement of raw materials and to increase our production volume to meet increasing customer demand; and (ii) an RMB585.4 million increase in contract liabilities.

Our net current assets decreased from RMB4,216.0 million as of December 31, 2024 to RMB3,405.4 million as of June 30, 2025, primarily due to (i) an RMB1,274.4 million increase in bank and other borrowings; (ii) an RMB1,114.3 million increase in trade, bills and other payables, generally in line with our expanded production and procurement; (iii) an RMB746.0 million increase in contract liabilities in line with our business expansion; and partially offset by an RMB2,171.6 million increase in inventories resulting from higher stock levels to support our expanded business scale.

Our net current assets decreased from RMB3,405.4 million as of June 30, 2025 to RMB3,245.8 million as of August 31, 2025, primarily due to (i) an RMB1,192.9 million decrease in cash and cash equivalents; (ii) an RMB1,143.2 million increase in trade, bills and other payables due to increased procurement activities to support expanded production; (iii) an RMB600.5 million increase in contract liabilities reflecting advance payments from customers; and partially offset by (i) an RMB1,374.0 million increase in inventories resulting from higher stock levels to support our business expansion; (ii) an RMB1,043.6 million increase in financial assets at FVTPL.

Property, Plant and Equipment

Our property, plant and equipment primarily include of buildings, plant and machinery, office equipment, motor vehicles, leasehold improvements and construction in progress. We had property, plant and equipment of RMB3,375.6 million, RMB9,011.1 million, RMB9,925.3 million and RMB10,881.2 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Freehold land	–	–	29,091	28,970
Buildings	803,259	3,698,411	4,420,209	4,401,575
Plant and machinery	964,459	3,825,991	4,670,216	4,602,084
Office equipment	26,137	99,692	86,751	76,135
Motor vehicles	4,233	5,694	6,703	6,131
Leasehold improvements	16,333	32,538	33,115	33,022
Construction in progress	1,561,186	1,348,774	679,210	1,733,250
Total	**3,375,607**	**9,011,100**	**9,925,295**	**10,881,167**

Our property, plant and equipment increased by 166.9% from RMB3,375.6 million as of December 31, 2022 to RMB9,011.1 million as of December 31, 2023, then increased by 10.1% to RMB9,925.3 million as of December 31, 2024 and further increased by 9.6% to RMB10,881.2 million as of June 30, 2025, primarily due to increased construction of certain manufacturing and R&D projects and recognized substantial buildings, plants and machinery in relation to those projects according to their construction progress in 2023 and 2024.

Right-of-Use Assets

Our right-of-use assets primarily relate to our leasehold lands, staff quarters, and office properties. Our right-of-use assets increased from RMB384.0 million as of December 31, 2022 to RMB434.8 million as of December 31, 2023, further increased by 81.0% to RMB787.2 million as of December 31, 2024 and remained relatively stable at RMB766.7 million, the overall increase was primarily in relation to the land use right we obtained to support our business growth.

Intangible Assets

Our intangible assets primarily include of licenses and software. Our intangible assets increased from RMB23.4 million as of December 31, 2022 to RMB31.1 million as of December 31, 2023 was primarily due to addition of pollutant discharge permits for operation needs. Our intangible assets increased by 67.5% from RMB31.1 million as of December 31, 2023 to RMB52.1 million as of December 31, 2024 and further increased by 11.6% to RMB58.2 million as of June 30, 2025, primarily due to addition of software as we increased investment in development of information technology systems.

Investments Accounted For Using the Equity Method

Our investments accounted for using the equity method amounted to RMB153.6 million, RMB253.2 million, RMB281.5 million and RMB281.1 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. The change in our investments accounted for using the equity method throughout the Track Record Period relates primarily to the operational and financial performance of our associates, as well as additions and transfers of our associates.

Other Long-term Prepayments

Our other long-term prepayments primarily represent advance payments made for construction projects. Our other long-term prepayments decreased by 50.9% from RMB630.4 million as of December 31, 2022 to RMB309.7 million as of December 31, 2023, and further decreased by 23.6% to RMB236.5 million as of December 31, 2024, which was mainly due to the utilization of such prepayments. Our other long-term prepayments increased by 32.5% from RMB236.5 million as of December 31, 2024 to RMB313.3 million as of June 30, 2025, primarily due to our additional advance payments made for new construction projects.

Deferred Tax Assets

Our deferred tax assets were generally recognized for unused tax losses and all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Our deferred tax assets increased from RMB108.5 million as of December 31, 2022 to RMB187.3 million as of December 31, 2023, primarily due to the recognition of deferred tax assets corresponding to newly recognized deferred income. Our deferred tax assets increased from RMB187.3 million as of December 31, 2023 to RMB326.0 million as of December 31, 2024, primarily in relation to impairment losses on credits. Our deferred tax assets increased from RMB326.0 million as of December 31, 2024 to RMB458.5 million as of June 30, 2025, primarily due to an increase in deferred tax assets related to accelerated tax depreciation, deferred income and unrealized profits.

Inventories

Our inventories mainly consist of (i) raw materials and consumables, (ii) work in progress, and (iii) finished goods.

The following table sets forth a breakdown of our inventories balances as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials and consumables	1,026,336	337,422	289,278	172,876
Work in progress	180,445	185,581	629,421	849,135
Finished goods	760,886	897,452	1,206,416	3,274,674
Total	**1,967,667**	**1,420,455**	**2,125,115**	**4,296,685**

Our inventories decreased from RMB1,967.7 million as of December 31, 2022 to RMB1,420.5 million as of December 31, 2023, primarily due to a decrease in raw materials and consumables, and we maintained a lower volume of such items following improved inventory management and better control in 2023. Our inventories increased from RMB1,420.5 million as of December 31, 2023 to RMB2,125.1 million as of December 31, 2024, primarily due to an increase of work in progress and finished goods because of a higher production volume in anticipation of the increased sales which led to an increase of reserve of such items as of the end of 2024. Our inventories increased from RMB2,125.1 million as of December 31, 2024 to RMB4,296.7 million as of June 30, 2025, primarily due to higher production volume to meet anticipated sales demand.

The table below sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within one year	1,949,315	1,365,627	2,058,677	4,255,543
Over one year	18,352	54,828	66,438	41,142
Total	**1,967,667**	**1,420,455**	**2,125,115**	**4,296,685**

The following table sets forth our inventory turnover days for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	(days)			
Inventory turnover days[(1)]	124.1	72.0	64.9	100.7

Note:

(1) Inventory turnover days equal the average of the beginning and ending inventory for the period divided by the cost of sales of the same period and multiplied by 365 days for a full-year period or 183 days for a six-month period.

We implement stringent controls and periodically review on inventory efficiency. In 2022, 2023, and 2024, our inventory turnover days were 124.1 days, 72.0 days, and 64.9 days, respectively. The steady decline in our inventory turnover days from 2022 to 2024 was primarily because we enhanced inventory management in an effort to improve our warehousing efficiency. Our inventory turnover days increased from 64.9 days in 2024 to 100.7 days for the six months ended June 30, 2025, primarily due to our increased inventory levels to support future business growth, as well as our operations are partially subject to seasonality and cost of sales in the first half of the year was lower than the second half.

As of August 31, 2025, RMB1,932.9 million, or 43.7% of our inventories outstanding as of June 30, 2025, had been subsequently consumed.

Our inventories are primarily within one year. Inventories aged over one year mainly include finished goods, which consist primarily of ESS batteries and energy storage systems, and raw materials, such as energy storage batteries, lithium iron phosphate, copper aluminum foil and finished goods of batteries and systems. Both raw materials and finished goods generally have long validity period and can be utilized in production or for sales over a year. As of December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, our balance of provision for write-down of inventories amounted to approximately RMB34.6 million, RMB115.1 million, RMB114.5 million and RMB129.1 million, respectively, representing approximately 1.7%, 7.5%, 5.1% and 2.9% of our gross inventories balance as of the same dates. Considering that (i) our inventories aged over one year were raw materials and finished goods generally have long validity period; and (ii) our average inventory turnover days during the Track Record Period were 124.1 days, 72.0 days, 64.9 days and 100.7 days, which were in line with the industry norm, according to CIC, our Directors are of the view that there is no recoverability issue with respect to our inventories aged over one year.

Trade, Bills and Other Receivables

Our trade, bills and other receivables primarily consist of sales of our products on credit. We typically grant a credit term of one to six months to eligible customers.

The following table sets forth the details of our trade, bills and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables from contracts with customers				
– Third parties	222,822	4,139,461	8,974,763	8,385,241
Less: allowance for credit losses	(1,712)	(146,231)	(661,288)	(683,234)
– Related parties	2,124	27,549	1,094	811
Less: allowance for credit losses	(65)	(853)	(69)	(22)
	223,169	4,019,926	8,314,500	7,702,796
Less: amounts shown under current assets	(223,169)	(4,019,926)	(7,529,199)	(7,240,869)
Amounts shown under non-current assets[(1)]	–	–	785,301	461,927
Bills receivables	222,804	216,283	836,907	1,021,826
Advances to suppliers[(2)]	43,596	607,737	556,229	602,078
VAT recoverable	148,172	254,741	368,758	255,889
Deferred issue cost	–	–	–	9,328
Other receivables	10,914	30,964	46,687	55,767
Less: allowance for credit losses	(1,755)	(5,147)	(3,041)	(3,803)
	200,927	888,295	968,633	919,259
Total	**646,900**	**5,124,504**	**10,120,040**	**9,643,881**

Notes:

(1) During the year ended December 31, 2024, our Group entered into agreements to provide certain customers with long-term payment schedules for the related sales of energy storage systems. These trade receivables carried prevailing market interest rates and were classified as non-current as the related receivables will be collected beyond twelve months.

(2) Advances to suppliers mainly represents (i) payments to purchase raw materials and machinery, and (ii) utility fees.

Our trade, bills and other receivables increased from RMB646.9 million as of December 31, 2022 to RMB5,124.5 million as of December 31, 2023, and further increased to RMB10,120.0 million as of December 31, 2024, primarily due to an increase of trade receivables, net of impairment loss allowance, from RMB223.2 million as of December 31, 2022 to RMB4,019.9 million as of December 31, 2023 and further to RMB8,314.5 million as of December 31, 2024, which was primarily due to the growth of our overall business. Our trade, bills and other receivables remained relatively stable at RMB10,120.0 million and RMB9,643.9 million as of December 31, 2024 and June 30, 2025, respectively.

Our current portion of bills receivables remained relatively stable at RMB222.8 million as of December 31, 2022 and RMB216.3 million as of December 31, 2023, respectively. Our bills receivables increased from RMB216.3 million as of December 31, 2023 to RMB836.9 million as of December 31, 2024 and further to RMB1,021.8 million as of June 30, 2025, primarily due to the increase in sales of our energy storage products.

Our advances to suppliers significantly increased from RMB43.6 million as of December 31, 2022 to RMB607.7 million as of December 31, 2023 primarily due to an increase in our prepayment to purchase raw materials, mainly lithium carbonate, as (i) we experienced an increase in consumption of relevant raw materials in manufacturing ESS batteries, which was in line with our business expansion in 2023, (ii) we entered into procurement framework agreement to ensure a stable supply and lock in price discounts considering the fluctuated prices of relevant raw materials in 2022. Our advances to suppliers decreased from RMB607.7 million as of December 31, 2023 to RMB556.2 million as of December 31, 2024, to the decrease in prepaid procurement of relevant raw materials as a result of the change in supply-demand dynamics. Our advances to suppliers increased from RMB556.2 million as of December 31, 2024 to RMB602.1 million as of June 30, 2025 primarily due to an increase in prepayments for materials resulting from increased procurement volume.

As of August 31, 2025, RMB88.4 million, or 14.7% of our advances to suppliers outstanding as of June 30, 2025, had been subsequently settled.

We generally allow a credit period ranging from 1 to 6 months to our customers, which is in line with industry norm, according to CIC. Additionally, to facilitate the expansion of our overseas business, we may offer diversified customer payment terms. The following tables sets forth the aging analysis of our trade receivables and bill receivables, net of impairment loss allowance, as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables				
0 to 180 days	219,461	3,749,813	6,780,039	3,951,692
181 days to one year	2,546	257,790	262,660	3,145,228
Over one year	1,162	12,323	1,271,801	605,876
	223,169	**4,019,926**	**8,314,500**	**7,702,796**

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Bill receivables				
0 to 180 days	222,804	216,283	836,907	1,021,826
	222,804	**216,283**	**836,907**	**1,021,826**

Our trade receivables aged 0 to 180 days decreased from RMB6,780.0 million as of December 31, 2024 to RMB3,951.7 million as of June 30, 2025, primarily due to (i) our domestic operations are partially subject to seasonality and the revenue in the first half of the year was lower than the second half; and (ii) accelerated customer payment collection under favorable market conditions.

Our trade receivables aged 181 days to one year significantly increased from RMB262.7 million as of December 31, 2024 to RMB3,145.2 million as of June 30, 2025, primarily due to the substantial revenue growth in the second half of 2024 and the increased diversity of customer payment terms.

Our trade receivables aged over one year increased from RMB1.2 million as of December 31, 2022 to RMB12.3 million as of December 31, 2023, and further increased to RMB1,271.8 million as of December 31, 2024, primarily due to accommodation of more flexible payment arrangements to support customers in managing extended project timelines and associated delays in collections from their downstream counterparties. Our trade receivables aged over one year decreased from RMB1,271.8 million as of December 31, 2024 to RMB605.9 million as of June 30, 2025, primarily due to settlements received from certain customers.

The following table sets forth our trade receivables turnover days for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	(days)			
Trade receivables turnover days[(1)]	11.8	78.6	185.7	227.9

Note:

(1) Trade receivables turnover days for the period equal the average of the beginning and ending trade receivables for the period divided by revenue for the same period and multiplied by 365 days for a full-year period or 183 days for a six-month period.

In 2022, 2023, and 2024, our trade receivables turnover days were 11.8 days, 78.6 days, 185.7 days and 227.9 days, respectively, which are in line with industry norm, according to CIC. The increase in our trade receivables turnover days during the Track Record Period was mainly due to rapid growth of our revenue in which the relating trade receivables balances increased proportionally and more diversified settlement terms, including our accommodation of more flexible payment terms with overseas customers as we further expand into overseas markets.

As of August 31, 2025, RMB2,135.3 million, or 22.7% of our trade and bills receivables outstanding as of June 30, 2025, had been subsequently settled.

We do not anticipate to have any material recoverability issue with outstanding trade receivables primarily because (i) we assess our customers' credit quality carefully, taking into account their business background and qualifications, years of establishment, general risks associated with their businesses, financial position, revenue scale, past transaction records and other factors; (ii) our trade receivables are mainly aged within 180 days and owed by customers with good credit profiles and no history of material defaults on their payment obligations in the past; (iii) we have not experienced any material recoverability issues for our trade receivables throughout the Track Record Period; (iv) we have established a credit rating system for our customers, which are dynamically adjusted based on their operating condition; (v) we have been closely and regularly monitoring our customers' credit profiles, business operations and financial conditions, considering project development status and significant changes (such as corporate restructuring, major lawsuits, substantial shifts in market demand, or large fluctuations in product prices), and taking appropriate proactive follow-up actions; and (vi) we also closely monitor the recoverability status of trade receivables, and enhance our collection efforts, including but not limited to sending demand letters or initiating legal proceedings, as appropriate.

Additionally, we believe adequate credit loss allowances have been made to appropriately reflect the recoverability issues identified, as (i) we made credit loss allowances primarily based on the results of our comprehensive impairment assessment as performed on each reporting date (which takes into account the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables), and (ii) we made credit loss allowances individually once any recoverability issues with particular customers were identified.

Given that we have been continuously monitoring the collection of the trade receivables and the payment schedule on a regular basis, and our trade receivables are mainly aged within 180 days and owed by customers with good credit profiles and no history of material defaults on their payment obligations in the past, our Directors are of the view that we have made adequate provisions and there is no material recoverability issue as to our trade receivables.

Financial Assets at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss primarily include our investments in financial products managed by several financial institutions. All investments have maturity date within one year. The structured deposits are redeemed upon maturity in the year ended December 31, 2024. We had financial assets measured at fair value through profit or loss of nil, RMB549.0 million, nil and RMB10.0 million as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively.

We believe we can make better use of our cash by making appropriate investments in wealth management products of low-to-medium risk, which generate income without interfering with our business operation or capital expenditures. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal measures which allow us to achieve reasonable returns on our investment while mitigating our exposure to investment risks. Our finance department is responsible for the analysis and research of investment in wealth management products based on our cash positions. Investment decisions on wealth management products must be approved by our chief financial officer. Redemption of wealth management products prior to their maturity must be initiated by finance department and approved by our chief financial officer. These policies and measures were formulated and implemented by our finance center, and the implementation of our investment policies and measures was supervised by our Board. We will comply with requirements under Chapter 14 of the Listing Rules and disclose the details of our investments and other notifiable transactions to the extent necessary and as appropriate after the [**REDACTED**].

Trade, Bills and Other Payables

Our trade and bills payables represent the expenses payable by us to third-party suppliers for settlement for their services or products provided. Our trade payables are normally settled within 180 days. The following table sets forth the details of our trade, bills and other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables				
– Third parties	1,079,676	2,794,961	5,096,020	5,949,926
Bills payables	344,904	510,766	1,709,050	2,204,939
	1,424,580	**3,305,727**	**6,805,070**	**8,154,865**

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Accrued payroll and welfare	90,598	154,335	218,898	155,787
Other taxes payables	59,107	305,634	436,543	172,128
Payables for property and equipment	983,319	2,486,456	1,919,268	1,976,921
Payables for intangible assets	8,092	1,102	4,039	2,770
Transportation fee payables	17,150	73,497	179,304	132,520
Payments received for subscription of restricted shares[(1)]	–	–	–	102,000
Other payables[(2)]	62,194	148,824	262,846	243,227
	1,220,460	3,169,848	3,020,898	2,785,353
Total	**2,645,040**	**6,475,575**	**9,825,968**	**10,940,218**

Notes:

(1) The amount represented the payments received for subscription of restricted shares from the Directors and employees. For details, see note 28 to the Accountants' Report included in Appendix I of the Document.

(2) Other payables mainly included deposits received and payables to in respect of performance guarantee from and certain services and expenses for business purpose to certain vendors/suppliers of our Group.

Our trade and bills payables increased significantly from RMB1,424.6 million as of December 31, 2022 to RMB3,305.7 million as of December 31, 2023, then increased to RMB6,805.1 million as of December 31, 2024 and further increased to RMB8,154.9 million as of June 30, 2025, primarily due to an increase in procurement of raw materials to meet increasing customer demand.

Our accrued payroll and welfare increased from RMB90.6 million as of December 31, 2022 to RMB154.3 million as of December 31, 2023, and further increased to RMB218.9 million as of December 31, 2024, primarily due to an increase in staff headcount and salary level to support our business growth. Our accrued payroll and welfare decreased from RMB218.9 million to RMB155.8 million as of June 30, 2025, primarily due to the payment of bonuses that were accrued as of December 31, 2024. Our other taxes payables increased from RMB59.1 million as of December 31, 2022 to RMB305.6 million as of December 31, 2023 and further increased to RMB436.5 million as of December 31, 2024, which is in line with our expanded scale of business operation. Our other taxes payables decreased from RMB436.5 million as of December 31, 2024 to RMB172.1 million as of June 30, 2025, primarily due to the settlement of customs duties accrued as of December 31, 2024 and lower customs duty accruals resulting from decreased overseas revenue in the first half of 2025 compared to the second half of 2024. Our payables for property and equipment increased from RMB983.3 million as of December 31, 2022 to RMB2,486.5 million as of December 31, 2023, primarily

due to the increased purchase of property and equipment for construction of certain manufacturing and R&D projects, and decreased to RMB1,919.3 million as of December 31, 2024, primarily due to our settlement of relevant amount. Our payables for property and equipment remained relatively stable at RMB1,919.3 million and RMB1,976.9 million as of December 31, 2024 and June 30, 2025, respectively.

Payment terms with suppliers are mainly on credit within 180 days from the time when the goods are received from the suppliers, which is in line with industry norm, according to CIC. The following tables sets forth the aging analysis of our trade payables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
0 to 180 days	1,071,098	2,778,090	4,949,229	5,811,135
181 days to one year	8,072	14,191	85,047	134,620
Over one year	506	2,680	61,744	4,171
Total	**1,079,676**	**2,794,961**	**5,096,020**	**5,949,926**

The following table sets forth our trade and bills payables turnover days for the year/period indicated.

	For the year ended December 31,			As of June 30,
	2022	2023	2024	2025
	(days)			
Trade and bills payables turnover days[(1)]	82.7	96.3	173.9	226.1

Note:

(1) Trade and bills payables turnover days for the period equal the average of the beginning and ending trade and bills payables for the period divided by cost of sales for the same period and multiplied by 365 days for a full-year period or 183 days for a six-month period.

In 2022, 2023, and 2024, our trade and bills payables turnover days were 82.7 days, 96.3 days, 173.9 days and 226.1 days, respectively, which are in line with industry norm, according to CIC. The increase in our trade and bill payables turnover days was primarily due to (i) our increase in procurement of raw materials in 2024 and for the six months ended June 30, 2025, in which the relating trade payables increased proportionally, and (ii) certain suppliers extending our credit terms, as we established strong cooperative relationships with them.

As of August 31, 2025, RMB3,856.7 million, or 47.3% of our trade and bills payables outstanding as of June 30, 2025, had been subsequently settled.

Contract Assets

During the Track Record Period, we recorded contract assets from the sales of products, the receipt of the consideration of which is conditional. Contract assets will be transferred to receivables upon the expiration of warranty period when we have unconditional right to receive consideration from the customers. Our contract assets increased from RMB43.7 million as of December 31, 2022 to RMB160.6 million as of December 31, 2023, then to RMB329.8 million as of December 31, 2024, and further to RMB516.8 million as of June 30, 2025, primarily due to the growth of our overall business and sales of our energy storage products during the Track Record Period.

Lease Liabilities

Lease liabilities mainly represent the amount to be paid for the leases of staff quarters and office properties. We recorded non-current lease liabilities of RMB21.6 million, RMB47.8 million, RMB87.8 million, RMB80.0 million and RMB80.7 million as of December 31, 2022, 2023 and 2024, June 30, 2025, and August 31, 2025, the latest feasible date for determining our indebtedness, respectively. We recorded current lease liabilities of RMB21.4 million, RMB26.5 million, RMB48.3 million, RMB39.9 million and RMB35.5 million as of the same dates. The fluctuation reflects adjustments in our leasing arrangements over time, including termination or renewal of certain leases, addition of new leased properties, or changes in lease terms.

Financial Liabilities at FVTPL

Financial liabilities at FVTPL represents (i) puttable shares liabilities related to shares held by our [**REDACTED**] Investors and (ii) derivative financial liabilities. Our financial liabilities at FVTPL were RMB4,911.1 million, nil, RMB4.5 million and nil as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The decrease in 2023 was primarily because the obligations arising from the redemption rights and liquidation preferences attached to relevant shares were terminated in 2023.

Contract Liabilities

Our contract liabilities mainly represent our advance received to deliver products. Our contract liabilities decreased from RMB595.6 million as of December 31, 2022 to RMB100.1 million as of December 31, 2023, primarily due to a decrease in advance payments from our customers as we required less advance payments and more progress payments from customers. Our contract liabilities increased from RMB100.1 million as of December 31, 2023 to RMB685.5 million as of December 31, 2024, primarily due to an increase in advance payments for orders overseas. Our contract liabilities increased from RMB685.5 million as of December 31, 2024 to RMB1,431.5 million as of June 30, 2025, primarily due to an increase in advance payments from customers resulting from our business expansion.

As of August 31, 2025, approximately RMB422.0 million, or 29.5%, of our contract liabilities as of June 30, 2025 had been recognized as revenue.

Deferred Income

Our deferred income mainly represents government grants we received to support research and other activities. Our deferred income was RMB296.0 million, RMB1,016.8 million, RMB1,651.3 million and RMB1,793.1 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Deferred Tax Liabilities

Our deferred tax liabilities mainly arise from accelerated depreciation of fixed assets. Our deferred tax liabilities were nil, nil, RMB18.8 million and RMB7.4 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements primarily through cash generated from our business operations, bank loans, and shareholder contributions. Following the [**REDACTED**], we plan to finance our future capital requirements through cash generated from our business operations, the net [**REDACTED**] from the [**REDACTED**], and, if needed, additional future equity or debt financings.

Cash Flows

The following table sets forth a summary of our cash flows for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Net cash (used in) from operating activities	(260,065)	(1,746,358)	109,784	(283,403)	1,353,481
Net cash used in investing activities	(2,541,405)	(4,905,291)	(2,623,797)	(1,700,613)	(2,571,452)
Net cash from financing activities	4,971,257	9,683,164	1,522,149	906,921	823,074
Net increase (decrease) in cash and cash equivalents	2,169,787	3,031,515	(991,864)	(1,077,095)	(394,897)

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Cash and cash equivalents at the beginning of the year/period	82,660	2,252,487	5,284,501	5,284,501	4,293,783
Effect of foreign exchange rate changes	40	499	1,146	666	6,426
Cash and cash equivalents at the end of the year/period	2,252,487	5,284,501	4,293,783	4,208,072	3,905,312

Net Cash from/(Used in) Operating Activities

For the six months ended June 30, 2025, our net cash from operating activities was RMB1,353.5 million, which was primarily attributable to our profit before tax of RMB152.1 million, as adjusted by non-cash and other items to arrive at an operating cash inflows before movements in working capital of RMB437.8 million. Our movements in working capital primarily reflected (i) an increase in trade, bills and other receivables of RMB278.1 million, primarily due to settlements received from certain customers; and (ii) an increase in trade, bills and other payables of RMB3,310.0 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand; partially offset by (i) an increase in inventories of RMB1,927.2 million to support our business expansion.

In 2024, our net cash from operating activities was RMB109.8 million, which was primarily attributable to our profit before tax of RMB314.3 million, as adjusted by non-cash and other items to arrive at an operating cash inflows before movements in working capital of RMB1,431.6 million. Our movements in working capital primarily reflected (i) an increase in trade, bills and other payables of RMB3,913.8 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand, and (ii) an increase in contract liabilities of RMB585.4 million; partially offset by (i) an increase in trade, bills and other receivables of RMB5,405.1 million, primarily due to an increase in sales of our energy storage products which contributed to the large balance of trade receivables as of the end of 2024, and (ii) an increase in inventories of RMB329.1 million, primarily due to higher production volume to meet anticipated sales demand.

In 2023, our net cash used in operating activities was RMB1,746.4 million, which was primarily attributable to our loss before tax of RMB2,053.8 million, as adjusted by non-cash and other items to arrive at an operating cash inflows before movements in working capital of RMB374.4 million. Our movements in working capital primarily reflected (i) an increase in trade, bills and other receivables of RMB4,619.2 million, primarily due to an increase in trade receivables as a result of the increased sales, and (ii) a decrease in contract liabilities of RMB495.5 million, primarily due to a decrease in advance payments from our customers; partially offset by an increase in trade, bills and other payables of RMB2,330.4 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand.

In 2022, our net cash used in operating activities was RMB260.1 million, which was primarily attributable to our loss before tax of RMB1,840.6 million, as adjusted by non-cash and other items to arrive at an operating cash outflows before movements in working capital of RMB81.9 million. Our movements in working capital primarily reflected (i) an increase in inventories of RMB1,760.3 million, primarily due to the increase in our production capacity and sales volume as in 2022, and the corresponding increase in the provision of inventories in order to meet the business demand, and (ii) an increase in trade, bills and other receivables of RMB416.1 million, primarily due to an increase in trade receivables as a result of the increased sales; partially offset by an increase in trade, bills and other payables of RMB1,582.0 million, primarily due to an increase in procurement of raw materials to meet increasing customer demand, and the corresponding increase in procurement payables.

Net Cash Used in Investing Activities

For the six months ended June 30, 2025, our net cash used in investing activities was RMB2,571.5 million, primarily attributable to (i) purchases of property, plant and equipment of RMB1,383.3 million, and (ii) net placement of restricted bank deposits of RMB1,357.9 million.

In 2024, our net cash used in investing activities was RMB2,623.8 million, primarily attributable to (i) placement of restricted bank deposits of RMB2,629.0 million for issuance of bills payables and letters of credit, and (ii) purchase of property, plant and equipment of RMB2,176.7 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB584.4 million.

In 2023, our net cash used in investing activities was RMB4,905.3 million, primarily attributable to (i) purchases of property, plant and equipment of RMB4,152.6 million, and (ii) net placement of financial assets at FVTPL of RMB535.4 million.

In 2022, our net cash used in investing activities was RMB2,541.4 million, primarily attributable to (i) purchases of property, plant and equipment of RMB2,153.7 million, and (ii) net placement of restricted bank balance of RMB237.9 million.

Net Cash from Financing Activities

For the six months ended June 30, 2025, our net cash from financing activities was RMB823.1 million, primarily attributable to proceeds from bank and other borrowings of RMB2,711.9 million, partially offset by repayments of bank borrowings of RMB1,840.6 million.

In 2024, our net cash from financing activities was RMB1,522.1 million, primarily attributable to proceeds from bank and other borrowings of RMB5,016.4 million, partially offset by repayments of bank borrowings of RMB3,197.7 million.

In 2023, our net cash from financing activities was RMB9,683.2 million, primarily attributable to (i) proceeds from bank and other borrowings of RMB6,302.5 million, and (ii) proceeds from issue of shares of RMB4,694.9 million, partially offset by repayments of borrowings of RMB1,339.1 million.

In 2022, our net cash from financing activities was RMB4,971.3 million, primarily attributable to (i) proceeds from issue of shares of RMB2,691.0 million, and (ii) proceeds from bank and other borrowings of RMB2,413.6 million, partially offset by repayments of bank borrowings of RMB120.7 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents, unutilized banking facilities, estimated net [**REDACTED**] from the [**REDACTED**] and the expected cash flows from operations, we have sufficient working capital for our current requirements and for the next 12 months from the date of this Document.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
					(unaudited)
			(RMB in thousands)		
Current:					
Bank and other borrowings	1,112,430	3,105,333	3,657,588	4,932,032	5,413,057
Lease liabilities	21,422	26,517	48,267	39,866	35,525

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
					(unaudited)
			(RMB in thousands)		
Financial liabilities at FVTPL – puttable shares liabilities	4,911,141	–	–	–	–
	6,044,993	**3,131,850**	**3,705,855**	**4,971,898**	**5,448,582**
Non-current:					
Bank and other borrowings	1,992,290	4,985,814	6,325,023	6,038,024	6,181,928
Lease liabilities	21,639	47,795	87,771	79,969	80,686
	2,013,929	**5,033,609**	**6,412,794**	**6,117,993**	**6,262,614**
Total	**8,058,922**	**8,165,459**	**10,118,649**	**11,089,891**	**11,711,196**

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	Per annum	*Per annum*	*Per annum*	*Per annum*
Effective interest rates:				
Fixed-rate borrowings	3.40%-6.00%	3.20%-6.00%	2.60%-6.00%	1.85%-6.00%
Variable-rate borrowings	3.65%-4.35%	1.14%-4.20%	1.14%-4.10%	2.45%-3.95%

Bank and Other Borrowings

Our bank and other borrowings were RMB3,104.7 million, RMB8,091.1 million, RMB9,982.6 million, RMB10,970.1 million and RMB11,595.0 million as of December 31, 2022, 2023 and 2024, June 30, 2025 and August 31, 2025, respectively. Substantially all of our bank loans are denominated in RMB and are adjusted according to our operational needs. Certain of our bank loans and other borrowings are secured by (i) our certain property, plant and equipment and right-of-use assets and (ii) our equity interest in one subsidiary. Certain bank and other borrowings were guaranteed by shareholders of our Company, while such guarantee from shareholders of our Company were canceled in 2024.

For more details, see note 29 to the Accountants' Report included in Appendix I of the Document.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank loans and other borrowings, nor did

we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

As of August 31, 2025, being the latest feasible date for determining our indebtedness, we had unutilized bank facilities of RMB5,239.3 million. Certain of the bank loan agreements we have entered into contain covenants that impose certain common restrictions or maintenance requirements on us, which we believe will not affect our utilization of the remaining balance of this secured banking facilities.

Our Directors confirm that there has not been any material change in our indebtedness since August 31, 2025 and as of the date of this Document.

Lease Liabilities

As of August 31, 2025, our lease liabilities amounted to RMB116.2 million. For details of our lease liabilities during the Track Record Period, see "— Discussion of Key Balance Sheet Items — Lease Liabilities."

CAPITAL EXPENDITURES

Our historical capital expenditures have primarily been related to purchases of property, plant and equipment for construction and purchases of right-of-use assets, and purchases of intangible assets. Our capital expenditures were RMB2,467.0 million, RMB4,196.1 million, RMB2,501.6 million and RMB1,401.7 million for the year ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025, respectively.

The following table sets forth our capital expenditures for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Property, plant and equipment	2,153,700	4,152,613	2,176,735	1,383,333
Intangible assets	18,995	14,614	23,580	18,135
Right-of-use assets	294,316	28,875	301,293	184
Total	**2,467,011**	**4,196,102**	**2,501,608**	**1,401,652**

We expect to finance our capital expenditures through cash generated from operations, shareholder contributions, bank loans and the net [**REDACTED**] from the [**REDACTED**]. Our current capital expenditure plans for any future period are subject to change, and we may adjust

our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

CONTRACTUAL OBLIGATIONS

We did not have outstanding contractual obligations as of August 31, 2025, being the latest feasible date for determining our indebtedness.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we did not have any material contingent liabilities. We did not have any outstanding loan, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of the latest practicable date for our indebtedness statement.

Our Directors confirm that, as of the Latest Practicable Date, there had no material change in our indebtedness since August 31, 2025. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and as of the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the year/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin (%)	11.3	12.1	17.9	13.1
Net profit margin (%)	(49.2)	(19.4)	2.2	3.1
Return on equity (%)[(1)]	NM[(3)]	NM[(3)]	3.4	NM[(7)]
Return on assets (%)[(2)]	NM[(3)]	NM[(3)]	0.9	NM[(7)]
Debt-to-asset ratio (%)[(4)]	116.4	66.5	73.1	75.0
Current ratio[(5)]	0.6	1.4	1.3	1.2
Quick ratio[(6)]	0.4	1.2	1.1	0.9

Notes:

(1) Return on equity is calculated as profit for the relevant year/period divided by the ending balance of total equity, then multiplied by 100%.

(2) Return on assets is calculated as profit for the relevant year/period divided by the ending balance of total assets, then multiplied by 100%.

(3) NM (Not Meaningful): As a net loss was recorded for the relevant year, this figure is not meaningful.

(4) Debt-to-asset ratio is calculated as total liabilities at the end of the year/period divided by total assets, then multiplied by 100%.

(5) Current ratio is calculated as total current assets at the end of the year/period divided by total current liabilities.

(6) Quick ratio is calculated as total current assets at the end of the year/period minus inventories, then divided by total current liabilities.

(7) NM (Not Meaningful): Ratios based on six-month period results are not comparable with annual ratios.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in note 43 to the Accountants' Report included in Appendix I of the Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We monitor our exposure on an ongoing basis and will consider hedging interest rate risk should the need arises. We are exposed to fair value interest rate risk in relation to, fixed-rate cash and cash equivalents, bank and other borrowings, and lease liabilities, and cash flow interest rate risk in relation to floating-rate restricted bank deposits, cash and cash equivalents and bank and other borrowings. For details, see note 42 to the Accountants' Report included in Appendix I to this Document.

Credit Risk

We consider all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes. Our credit risk primarily attributable to our trade, bills and other receivables, receivables at FVTOCI, restricted bank deposits, time deposits and bank balances. In order to minimize the credit risk, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. For details, see note 42 to the Accountants' Report included in Appendix I of the Document.

Liquidity Risk

We monitor and maintains a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. For details, see note 42 to the Accountants' Report included in Appendix I of the Document.

DIVIDENDS

No dividend has been paid or declared by our Company during the Track Record Period.

We may declare and pay dividends that we consider appropriate. The dividends will be primarily in the form of cash or shares. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our profitability, operation and development plans, external financing environment, costs of capital, our cash flows and other factors that our Directors may consider relevant. Future dividend payments will also depend upon the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of our after-tax profits, less appropriations to statutory and other reserves that we are required to make. As advised by our PRC Legal Adviser, we shall not pay dividends to our Shareholders until we have made up for accumulated losses. Distributions from the Company and our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future. Our Directors has the discretion to recommend any dividend. We do not have any pre-determined dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, which sets forth our dividend policy, applicable PRC laws and approval by our Shareholders. See "Risk Factors — Risks Relating to the [**REDACTED**]" for more details.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we did not have any distributable reserves.

[**REDACTED**]

Based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], the total [**REDACTED**] (including [**REDACTED**]) payable by our Company are estimated to be approximately HK$[**REDACTED**] (equivalent to approximately RMB[**REDACTED**]), or [**REDACTED**]% of our gross [**REDACTED**], assuming the [**REDACTED**] is not exercised. These [**REDACTED**] comprise of (i) HK$[**REDACTED**] of [**REDACTED**] expenses (including but not limited to [**REDACTED**] and fees); and (ii) HK$[**REDACTED**] of [**REDACTED**], including HK$[**REDACTED**] of fees and expenses of legal advisors and accountants and HK$[**REDACTED**] of other fees and expenses.

As of June 30, 2025, we have incurred [**REDACTED**] of RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) for the [**REDACTED**], as being charged to our consolidated statements of profit or loss and other comprehensive income. We estimate that of the total [**REDACTED**] (including [**REDACTED**], assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]), HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and HK$[**REDACTED**] is expected to be charged against equity upon the [**REDACTED**].

UNAUDITED [**REDACTED**] ADJUSTED NET TANGIBLE ASSETS

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Please refer to "Appendix II — Unaudited [**REDACTED**] Financial Information" for further details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2025, the end of the period reported on the Accountants' Report included in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised, and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the midpoint of the indicative [**REDACTED**] stated in this Document.

In line with our strategies, we intend to use the net [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**]% or HK$[**REDACTED**], will be used to increase our production capacity for ESS batteries to address the increasing demand from downstream customers. According to CIC, the global shipment volume of lithium-ion ESS batteries is expected to grow from 314.7GWh in 2024 to 1,451.3GWh by 2030, at a CAGR of 29.0% from 2024 to 2030. We will increase our production capacity to better position ourselves to take advantage of such favorable industry tailwinds. In particular:

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used over three years to develop our overseas production capacity to further achieve our international growth strategies, including a production base in the Middle East with an expected designed production capacity of 15GWh for ESS batteries. In particular, approximately [**REDACTED**]%, or HK$[**REDACTED**], will be mainly used for procurement of machinery and equipment for ESS battery production, testing equipment, and supporting logistics facilities, while approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for mechanical and electrical engineering and procuring auxiliary equipment. We expect to begin planning the Middle East production base in the second half of 2025, with construction beginning in 2026, and production will commence in 2028. As of the Latest Practicable Date, no finalized plans have been made, and the Company is in the process of obtaining relevant approvals; and

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used over three years for procurement of machinery and equipment for ESS battery production, testing equipment, and supporting logistics facilities for stage two of Phase I of our Chongqing production base, with a designed production capacity of 28GWh of ESS batteries. We expect to commence construction of stage two of Phase I of the Chongqing production base in 2025, which is expected to commence production in 2027. See "Business — Manufacturing — Planned Production Capacity Expansion" for more details.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for research and development to further enhance our technological leadership in the energy storage field. In particular:

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used over three years for establishing an international R&D center in Hong Kong, including for [procuring R&D equipment, hiring R&D staff, constructing R&D laboratory and building a digital intelligence R&D platform], in order to better develop competitive and tailored products and services for our global customer base;

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used over three years for enhancing R&D and industrialization of sodium-ion battery materials, ESS batteries and energy storage systems, including for procuring R&D equipment, hiring R&D staff, constructing R&D laboratories, constructing test production lines, and testing and verification; and

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used over three years for R&D into LDES scenarios and demands and accelerating the R&D and industrialization of dedicated LDES products, including for procuring R&D equipment, hiring R&D staff, constructing R&D laboratories, constructing test production lines, and testing and verification;

- Approximately [**REDACTED**]% or HK$[**REDACTED**] will be used to build our global sales and service network over the next three years to support our international growth strategies. In particular:

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to establish overseas warehousing and international customs and trade capabilities. We will establish overseas warehouses in locations such as America, Europe and Saudi Arabia including both self-owned and through third party warehousing and logistics service providers, with an estimated storage space of approximately 35,000m^2 to 45,000m^2, to meet the needs of rapid international delivery and enhance our ability to respond quickly to customers' after-sales requirements. We also plan to hire approximately 5 professionals in the next year to establish a professional customs team to drive our digital transformation of logistics and customs management and better meet the needs of international large-scale delivery and service management;

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to improve and establish overseas sales and service centers and localized sales and marketing channels in major markets such as the Americas, Europe, and the Middle East (including further building localized sales teams). We expect to construct new sales and service centers in such major markets, and plan to recruit approximately 40 sales, project delivery and service personnel over the

next two years to enhance localized delivery and service capabilities and expand our brand sales channels. We believe that we can effectively compete in the markets leveraging (i) our high-quality products, (ii) our localized global operations that cover the entire value chain including R&D, product development, production, supply chain, marketing, delivery, and operation and maintenance services, (iii) our in-depth insights into the culture, customer preference and regulatory requirements of target markets, and (iv) our success experience in other overseas markets; and

- o approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to build a global professional after-sales service center, including for purchasing spare parts, hiring personnel, and purchase testing equipment and other professional sales and service tools. The after-sales service center will integrate training, parts support, warehousing, maintenance, fault analysis, data monitoring and other service capabilities to provide localized support and multi-dimensional after-sales services to our global customer base; and

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

If the [**REDACTED**] is not exercised, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the indicative [**REDACTED**]). If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the high end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the low end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**]. The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the midpoint of the indicative [**REDACTED**] stated in this Document.

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the indicative [**REDACTED**]). If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the high end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the low end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**]. In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional net [**REDACTED**] to the above purpose in the proportions stated above.

To the extent that our net [**REDACTED**] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a report set out on pages I-1 to I-[●], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF XIAMEN HITHIUM ENERGY STORAGE TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, CITIC SECURITIES (HONG KONG) LIMITED, ABCI CAPITAL LIMITED AND BOCI ASIA LIMITED

Introduction

We report on the historical financial information of Xiamen Hithium Energy Storage Technology Co., Ltd.* (厦门海辰储能科技股份有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-[●], which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and June 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and June 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the six months ended June 30, 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* English name is for identification purpose

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has

come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*5*	3,614,889	10,201,828	12,916,757	2,147,566	6,971,212
Cost of sales		(3,204,600)	(8,963,982)	(10,608,197)	(2,069,475)	(6,054,873)
Gross profit		410,289	1,237,846	2,308,560	78,091	916,339
Other income	*6*	23,789	243,094	502,869	163,461	407,709
Other gains and losses	*9*	(1,291,450)	(1,718,250)	21,022	15,666	3,335
Selling and marketing expenses		(70,343)	(240,363)	(303,222)	(142,414)	(190,021)
Administrative expenses		(653,213)	(710,315)	(789,826)	(327,842)	(489,095)
Research and development expenses	*10*	(197,367)	(484,915)	(530,038)	(265,622)	(271,400)
Impairment losses under expected credit loss ("ECL") model, net of reversal	*7*	517	(171,242)	(532,314)	(89,017)	(28,907)
[**REDACTED**]	*10*	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Share of results of associates		1,898	(3,248)	(20,207)	(5,769)	765
Finance costs	*8*	(64,733)	(206,444)	(335,740)	(165,242)	(188,971)
(Loss) profit before tax	*10*	(1,840,613)	(2,053,837)	314,342	(738,688)	152,083
Income tax credit (expense)	*11*	63,754	78,838	(26,699)	130,514	60,684
(Loss) profit for the year/period		(1,776,859)	(1,974,999)	287,643	(608,174)	212,767
Other comprehensive (expense) income						
Item that will not be reclassified to profit or loss:						
Fair value changes on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax		–	79	–	–	–
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		(3)	(1,932)	5,172	1,042	(6,480)
Other comprehensive (expense) income for the year/period, net of income tax		(3)	(1,853)	5,172	1,042	(6,480)
Total comprehensive (expense) income for the year/period		(1,776,862)	(1,976,852)	292,815	(607,132)	206,287

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
(Loss) profit for the year/period attributable to:						
Owners of the Company. .		(1,769,785)	(1,962,602)	258,536	(587,156)	212,110
Non-controlling interests .		(7,074)	(12,397)	29,107	(21,018)	657
		(1,776,859)	(1,974,999)	287,643	(608,174)	212,767
Total comprehensive (expense) income for the year/period attributable to:						
Owners of the Company. .		(1,769,788)	(1,964,455)	263,708	(586,114)	205,630
Non-controlling interests .		(7,074)	(12,397)	29,107	(21,018)	657
		(1,776,862)	(1,976,852)	292,815	(607,132)	206,287
(Loss) earnings per share						
– Basic (RMB).	*14*	(2.30)	(2.01)	0.24	(0.55)	0.20
– Diluted (RMB)	*14*	(2.30)	(2.01)	0.24	(0.55)	0.20

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At December 31,			At June 30,
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	3,375,607	9,011,100	9,925,295	10,881,167
Right-of-use assets	*16*	383,973	434,821	787,196	766,662
Goodwill		1,351	1,351	1,351	1,351
Intangible assets	*17*	23,410	31,128	52,145	58,194
Investments accounted for using the equity method	*18*	153,579	253,220	281,491	281,139
Financial assets at fair value through profit or losses ("FVTPL")	*24*	–	–	–	10,000
Equity instrument at FVTOCI		100	206	206	206
Restricted bank deposits	*27*	5,963	6,096	6,131	–
Trade, bills and other receivables	*22*	–	–	785,301	461,927
Contract assets	*23*	–	5,327	59,849	190,775
Deferred tax assets	*19*	108,451	187,263	326,029	458,469
Other long-term prepayments	*20*	630,378	309,679	236,477	313,263
Time deposits	*27*	–	323,712	332,992	336,831
		4,682,812	10,563,903	12,794,463	13,759,984
CURRENT ASSETS					
Inventories	*21*	1,967,667	1,420,455	2,125,115	4,296,685
Trade, bills and other receivables	*22*	646,900	5,124,504	9,334,739	9,181,954
Contract assets	*23*	43,709	155,249	269,902	326,033
Tax recoverable		–	7,232	–	6,520
Financial assets at FVTPL	*24*	–	549,012	–	–
Receivables at FVTOCI	*26*	176,494	65,320	310,826	472,629
Restricted bank deposits	*27*	239,183	854,464	2,321,608	2,696,498
Time deposits	*27*	–	–	–	50,500
Cash and cash equivalents	*27*	2,252,487	5,284,501	4,293,783	3,905,312
		5,326,440	13,460,737	18,655,973	20,936,131
CURRENT LIABILITIES					
Trade, bills and other payables	*28*	2,645,040	6,475,575	9,825,968	10,940,218
Tax payables		–	–	146,800	91,574
Bank and other borrowings	*29*	1,112,430	3,105,333	3,657,588	4,932,032
Provisions	*30*	5,922	35,172	71,394	95,553
Lease liabilities	*31*	21,422	26,517	48,267	39,866
Contract liabilities	*32*	595,610	100,080	685,490	1,431,482
Financial liabilities at FVTPL	*33*	4,911,141	–	4,511	–
		9,291,565	9,742,677	14,440,018	17,530,725
NET CURRENT (LIABILITIES) ASSETS		(3,965,125)	3,718,060	4,215,955	3,405,406
TOTAL ASSETS LESS CURRENT LIABILITIES		717,687	14,281,963	17,010,418	17,165,390

	Notes	At December 31, 2022	At December 31, 2023	At December 31, 2024	At June 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Bank and other borrowings	*29*	1,992,290	4,985,814	6,325,023	6,038,024
Provisions	*30*	44,829	179,316	469,491	556,357
Lease liabilities	*31*	21,639	47,795	87,771	79,969
Deferred income	*34*	295,955	1,016,819	1,651,275	1,793,143
Deferred tax liabilities	*19*	–	–	18,753	7,383
		2,354,713	6,229,744	8,552,313	8,474,876
NET (LIABILITIES) ASSETS		(1,637,026)	8,052,219	8,458,105	8,690,514
CAPITAL AND RESERVES					
Share capital	*35*	166,768	1,021,923	1,021,923	1,094,745
Reserves		(1,872,940)	6,663,295	6,944,503	7,103,433
Equity attributable to owners of the Company		(1,706,172)	7,685,218	7,966,426	8,198,178
Non-controlling interests		69,146	367,001	491,679	492,336
TOTAL (DEFICIT) EQUITY		(1,637,026)	8,052,219	8,458,105	8,690,514

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	At December 31,			At June 30,
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	2,748,602	5,308,822	5,018,095	4,930,614
Right-of-use assets	*16*	113,282	93,509	165,103	150,365
Intangible assets	*17*	23,297	29,937	55,610	59,879
Investments in subsidiaries	*45*	419,704	1,653,523	2,605,690	3,267,684
Investments accounted for using the equity method	*18*	147,710	246,396	252,078	257,853
Financial assets at FVTPL	*24*	–	–	–	10,000
Restricted bank deposits	*27*	5,963	6,096	6,131	–
Contract assets	*23*	–	5,327	59,849	190,775
Deferred tax assets	*19*	108,451	174,963	239,374	281,374
Other long-term prepayments	*20*	605,981	179,610	127,153	148,654
Time deposits	*27*	–	323,712	332,992	336,831
		4,172,990	8,021,895	8,862,075	9,634,029
CURRENT ASSETS					
Inventories	*21*	1,927,507	1,269,235	1,354,739	2,550,564
Trade, bills and other receivables	*22*	612,449	4,872,596	10,790,978	12,780,743
Contract assets	*23*	43,709	155,249	269,891	325,723
Tax recoverable		–	7,232	–	–
Financial assets at FVTPL	*24*	–	549,012	–	–
Receivables at FVTOCI	*26*	176,494	65,320	288,841	468,846
Amounts due from subsidiaries	*22*	266,361	524,363	725,959	768,329
Restricted bank deposits	*27*	226,743	832,182	1,330,369	2,105,234
Time deposits	*27*	–	–	–	50,500
Cash and cash equivalents	*27*	2,225,301	4,370,591	2,813,354	2,216,137
		5,478,564	12,645,780	17,574,131	21,266,076
CURRENT LIABILITIES					
Trade, bills and other payables	*28*	2,312,633	5,305,422	8,645,193	12,149,659
Tax payables		–	–	90,962	74,030
Bank and other borrowings	*29*	1,107,720	3,093,344	3,460,646	4,029,019
Provisions	*30*	5,922	34,522	68,663	79,212
Lease liabilities	*31*	18,952	11,813	29,784	24,899
Contract liabilities	*32*	595,609	94,384	284,758	556,586
Financial liabilities at FVTPL	*33*	4,911,141	–	4,511	–
		8,951,977	8,539,485	12,584,517	16,913,405
NET CURRENT (LIABILITIES) ASSETS		(3,473,413)	4,106,295	4,989,614	4,352,671
TOTAL ASSETS LESS CURRENT LIABILITIES		699,577	12,128,190	13,851,689	13,986,700

	Notes	At December 31, 2022	At December 31, 2023	At December 31, 2024	At June 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Bank and other borrowings	*29*	1,992,290	3,399,889	4,063,548	3,579,165
Provisions	*30*	44,829	173,646	398,784	456,823
Lease liabilities	*31*	16,966	3,913	57,719	48,836
Deferred income	*34*	281,146	619,185	919,296	1,048,385
		2,335,231	4,196,633	5,439,347	5,133,209
NET (LIABILITIES) ASSETS		(1,635,654)	7,931,557	8,412,342	8,853,491
CAPITAL AND RESERVES					
Share capital	*35*	166,768	1,021,923	1,021,923	1,094,745
Reserves	*46*	(1,802,422)	6,909,634	7,390,419	7,758,746
TOTAL (DEFICIT) EQUITY		(1,635,654)	7,931,557	8,412,342	8,853,491

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Capital and other reserves	Safety fund surplus reserve	Share-based payments reserve	FVTOCI reserve	Translation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000 (note a)*	*RMB'000 (note b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	131,442	(184,363)	–	–	–	–	(265,805)	(318,726)	652	(318,074)
Loss for the year	–	–	–	–	–	–	(1,769,785)	(1,769,785)	(7,074)	(1,776,859)
Other comprehensive expense for the year	–	–	–	–	–	(3)	–	(3)	–	(3)
Issue of new shares	35,326	2,655,673	–	–	–	–	–	2,690,999	–	2,690,999
Recognition of puttable shares liabilities *(Note 33)*	–	(2,690,999)	–	–	–	–	–	(2,690,999)	–	(2,690,999)
Provision of safety fund surplus reserve	–	–	102	–	–	–	(102)	–	–	–
Capital injection from non-controlling shareholders *(note c)*	–	–	–	–	–	–	–	–	76,560	76,560
Change in ownership of interest in a subsidiary *(note d)*	–	531	–	–	–	–	–	531	(992)	(461)
Recognition of equity-settled share-based payments *(Note 36)*	–	–	–	381,811	–	–	–	381,811	–	381,811
Vest of shares granted under share incentive scheme	–	377,233	–	(377,233)	–	–	–	–	–	–
At December 31, 2022	166,768	158,075	102	4,578	–	(3)	(2,035,692)	(1,706,172)	69,146	(1,637,026)
Loss for the year	–	–	–	–	–	–	(1,962,602)	(1,962,602)	(12,397)	(1,974,999)
Other comprehensive income (expense) for the year	–	–	–	–	79	(1,932)	–	(1,853)	–	(1,853)
Capitalization issue *(Note 35)*	691,072	(691,072)	–	–	–	–	–	–	–	–
Issue of new shares	164,083	4,530,834	–	–	–	–	–	4,694,917	–	4,694,917
Recognition of puttable shares liabilities *(Note 33)*	–	(4,574,917)	–	–	–	–	–	(4,574,917)	–	(4,574,917)

	Attributable to owners of the Company									
	Share capital	Capital and other reserves	Safety fund surplus reserve	Share-based payments reserve	FVTOCI reserve	Translation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000 (note a)*	*RMB'000 (note b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Derecognition of puttable shares liabilities *(Note 33)*	–	11,201,856	–	–	–	–	–	11,201,856	–	11,201,856
Provision of safety fund surplus reserve	–	–	1,081	–	–	–	(1,081)	–	–	–
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	310,252	310,252
Recognition of equity-settled share-based payments *(Note 36)*	–	–	–	33,989	–	–	–	33,989	–	33,989
At December 31, 2023	1,021,923	10,624,776	1,183	38,567	79	(1,935)	(3,999,375)	7,685,218	367,001	8,052,219
Profit for the year	–	–	–	–	–	–	258,536	258,536	29,107	287,643
Other comprehensive income for the year	–	–	–	–	–	5,172	–	5,172	–	5,172
Provision of safety fund surplus reserve	–	–	1,431	–	–	–	(1,431)	–	–	–
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	89,480	89,480
Change in ownership interests in a subsidiary *(note e)*	–	(6,091)	–	–	–	–	–	(6,091)	6,091	–
Recognition of equity-settled share-based payments *(Note 36)*	–	–	–	23,591	–	–	–	23,591	–	23,591
At December 31, 2024	1,021,923	10,618,685	2,614	62,158	79	3,237	(3,742,270)	7,966,426	491,679	8,458,105
Profit for the period	–	–	–	–	–	–	212,110	212,110	657	212,767
Other comprehensive expense for the period	–	–	–	–	–	(6,480)	–	(6,480)	–	(6,480)
Issue of new shares *(Note 35)*	72,822	(72,822)	–	–	–	–	–	–	–	–
Provision of safety fund surplus reserve	–	–	1,606	–	–	–	(1,606)	–	–	–

	Attributable to owners of the Company									
	Share capital	Capital and other reserves	Safety fund surplus reserve	Share-based payments reserve	FVTOCI reserve	Translation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000 (note a)*	*RMB'000 (note b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Recognition of equity-settled share-based payments *(Note 36)*	–	–	–	26,122	–	–	–	26,122	–	26,122
Vest of shares granted under share incentive scheme	–	1,601	–	(1,601)	–	–	–	–	–	–
At June 30, 2025	1,094,745	10,547,464	4,220	86,679	79	(3,243)	(3,531,766)	8,198,178	492,336	8,690,514
At December 31, 2023	1,021,923	10,624,776	1,183	38,567	79	(1,935)	(3,999,375)	7,685,218	367,001	8,052,219
Loss for the period	–	–	–	–	–	–	(587,156)	(587,156)	(21,018)	(608,174)
Other comprehensive income for the period	–	–	–	–	–	1,042	–	1,042	–	1,042
Provision of safety fund surplus reserve	–	–	2,982	–	–	–	(2,982)	–	–	–
Recognition of equity-settled share-based payments *(Note 36)*	–	–	–	13,265	–	–	–	13,265	–	13,265
At June 30, 2024 (unaudited)	1,021,923	10,624,776	4,165	51,832	79	(893)	(4,589,513)	7,112,369	345,983	7,458,352

Notes:

a. Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve at different rates ranging from 0.05% to 2.35% of the total revenue recognized for the previous year. The reserve can be utilized for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statements of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilized.

b. The amount represents the equity-settled share-based compensation attributable to owners of the Company in respect of the equity-settled share-based arrangement under the Company's [**REDACTED**] share incentive scheme, which has been detailed in Note 36.

c. During the year ended December 31, 2022, the non-controlling shareholders of Chongqing Hithium Energy Storage Technology Co., Ltd.* ("Hithium Chongqing") (重慶海辰儲能科技有限公司) and Xiamen Zongling Precision Manufacturing Co., Ltd.* ("Xiamen Zongling") (廈門綜凌精密製造有限公司) made capital injection amounting to RMB67,760,000 and RMB8,800,000, respectively, into Hithium Chongqing and Xiamen Zongling.

d. During the year ended December 31, 2022, the Group's proportion of ownership interest in Xiamen Zongling changes from 70% to 56.67% through a series of equity transactions.

e. During the year ended December 31, 2024, the Group increase its proportion of ownership interest by 18.18% of Xiamen Zongling by way of debt capitalization into Xiamen Zongling, resulting in a decrease in capital and other reserves and an increase in non-controlling interests of RMB6,091,000.

* English name is for identification purpose

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
OPERATING ACTIVITIES					
(Loss) profit before tax	(1,840,613)	(2,053,837)	314,342	(738,688)	152,083
Adjustments for:					
Finance costs	64,733	206,444	335,740	165,242	188,971
Interest income	(11,250)	(81,526)	(76,069)	(39,925)	(58,291)
Share of results of associates	(1,898)	3,248	20,207	5,769	(765)
Depreciation of property, plant and equipment	16,187	74,437	152,166	75,601	92,590
Depreciation of right-of-use assets	18,455	46,136	46,533	20,836	27,439
Amortization of intangible assets	1,248	3,914	6,351	3,012	3,510
Impairment losses under ECL model, net of reversal	(517)	171,242	532,314	89,017	28,907
Net foreign exchange (gain) loss	(43)	(2,432)	4,114	703	(12,749)
Share-based payment expenses	381,811	33,989	23,591	13,265	26,122
(Gain) loss on disposal of property, plant and equipment	(267)	3,129	(2,869)	(1,810)	(123)
Release of deferred income	(4,045)	(53,141)	(99,034)	(44,242)	(70,515)
Write-down of inventories, net of reversal	3,893	320,621	205,061	72,336	74,605
Gain on fair value changes of financial assets at FVTPL	(5)	(13,628)	(35,372)	(17,770)	(11,894)
Loss (gain) on fair value changes of financial liabilities at FVTPL	1,290,461	1,715,798	4,511	–	(2,139)
Operating cash flows before movements in working capital	(81,850)	374,394	1,431,586	(396,654)	437,751
Increase in provisions	42,765	163,737	326,397	59,518	111,025
(Increase) decrease in inventories	(1,760,313)	507,522	(329,075)	(1,429,254)	(1,927,204)
Increase in trade, bills and other receivables	(416,077)	(4,619,207)	(5,405,085)	(409,504)	(278,080)
Increase in contract assets	(42,847)	(120,243)	(190,382)	(59,819)	(191,407)
(Increase) decrease in receivables at FVTOCI	(176,394)	111,174	(245,506)	(430,181)	(712,137)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Increase in deferred income	–	8,647	15,414	7,015	2,559
Increase (decrease) in contract liabilities	592,653	(495,530)	585,410	229,449	745,992
Increase in trade, bills and other payables	1,581,998	2,330,380	3,913,793	2,138,795	3,310,011
Cash (used in) generated from operations	(260,065)	(1,739,126)	102,552	(290,635)	1,498,510
Income taxes refunded	–	–	7,232	7,232	–
Income taxes paid	–	(7,232)	–	–	(145,029)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(260,065)	(1,746,358)	109,784	(283,403)	1,353,481
INVESTING ACTIVITIES					
Interest received	11,250	77,814	66,789	35,323	28,748
Proceeds on disposal of an interest in an associate	–	–	–	–	2,715
Proceeds from disposal of financial assets at FVTPL	137	423,628	584,384	561,769	358,260
Purchases of financial assets at FVTPL	–	(959,012)	–	–	(356,366)
Proceeds on disposal of property, plant and equipment	3,978	24,654	50,804	49,635	4,352
Investment in associates	(149,740)	(102,889)	(48,478)	(33,454)	(1,598)
Purchases of equity instruments at FVTOCI	(100)	–	–	–	–
Purchases of property, plant and equipment	(2,153,700)	(4,152,613)	(2,176,735)	(1,771,697)	(1,383,333)
Payments for right-of-use assets	(294,316)	(28,875)	(301,293)	–	(184)
Payments for rental deposits	(2,024)	(3,328)	(26,585)	(536)	(4,974)
Purchases of intangible assets	(18,995)	(14,614)	(23,580)	(18,193)	(18,135)
Government grants received	300,000	765,358	718,076	214,724	209,824
Withdrawal of restricted bank deposits	491,932	247,354	1,161,827	443,949	1,296,948
Placement of restricted bank deposits	(729,827)	(862,768)	(2,629,006)	(1,182,133)	(2,654,837)
Placement of time deposits	–	(320,000)	–	–	(50,500)
Net settlement of derivative financial instruments	–	–	–	–	(2,372)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
NET CASH USED IN INVESTING ACTIVITIES	(2,541,405)	(4,905,291)	(2,623,797)	(1,700,613)	(2,571,452)
FINANCING ACTIVITIES					
Interest paid	(73,270)	(246,662)	(345,797)	(125,243)	(120,200)
Repayments of bank borrowings	(120,666)	(1,339,075)	(3,197,702)	(1,030,612)	(1,840,563)
Repayments of lease liabilities	(15,536)	(38,794)	(37,438)	(16,994)	(23,526)
Proceeds from bank and other borrowings	2,413,630	6,302,526	5,016,434	2,079,770	2,711,863
Proceeds from issue of shares	2,690,999	4,694,917	–	–	102,000
Acquisition of additional interest in a subsidiary	(461)	–	–	–	–
Payment of accrued issue costs	–	–	(2,828)	–	(6,500)
Capital injections from non-controlling shareholders	76,561	310,252	89,480	–	–
NET CASH FROM FINANCING ACTIVITIES	4,971,257	9,683,164	1,522,149	906,921	823,074
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,169,787	3,031,515	(991,864)	(1,077,095)	(394,897)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	82,660	2,252,487	5,284,501	5,284,501	4,293,783
Effect of foreign exchange rate changes	40	499	1,146	666	6,426
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	2,252,487	5,284,501	4,293,783	4,208,072	3,905,312
Represented by cash and cash equivalents	2,252,487	5,284,501	4,293,783	4,208,072	3,905,312

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Company was incorporated and registered in the People's Republic of China (the "PRC") on December 27, 2019 as a limited liability company. In August 2022, the Company was converted into a joint stock company with limited liabilities with the name changed from Xiamen Hithium New Energy Technology Co., Ltd.* (廈門海辰新能源科技有限公司) to Xiamen Hithium Energy Storage Technology Co., Ltd.* (厦门海辰储能科技股份有限公司). The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed "Corporate Information" of the Document.

The Group is principally engaged in research and development, production and sales of energy storage batteries and systems (collectively the "energy storage products").

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards.

The statutory financial statements of the Company for the year ended December 31, 2022, 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC. The statutory financial statements of the Company for the years ended December 31, 2022 and 2023 were audited by Xiamen Andexin Certified Public Accountants Co., Ltd.* (廈門安德信會計師事務所有限公司) ("Xiamen Andexin"), certified public accountants registered in the PRC. The statutory financial statements of the Company for the year ended December 31, 2024 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP* (德勤華永會計師事務所(特殊普通合夥)) ("DTTCPALLP"), certified public accountants registered in the PRC.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the Group's accounting period beginning on January 1, 2025, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2026.

3 Effective for annual periods beginning on or after January 1, 2027.

* English name is for identification purpose

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all the new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is expected to affect the presentation of statement of profit or loss and disclosures in the future financial statements, but has no impact on the Group's financial positions and performance.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

Investments in subsidiaries

Investments in subsidiaries are stated at cost less than any identified impairment loss on the statements of financial position of the Company.

Investments accounted for using equity method

An associate is an entity over which the Group or the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group and the Company for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's or the Company's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group or the Company. When the Group's or the Company's share of losses of an associate exceeds the Group's or the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's or the Company's net interest in the associate), the Group and the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group and the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The Group or the Company assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the interest is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the interest. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the interest subsequently increases.

When the Group or the Company ceases to have significant influence over an associate or joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

When a group entity transacts with an associate of the Group or the Company, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Historical Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group or the Company.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5, 23 and 32.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases, including office, warehouses, vehicles, machinery, and equipment, that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to government managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to capital and other reserves. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the right-of-use assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress as described below). Property, plant and equipment (other than construction in progress and freehold lands) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than construction in progress and freehold lands less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the year in which it is incurred.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit of the Group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of battery storage products are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost or receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these receivables are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade, bills and other receivables and receivables at FVTOCI) and other items (contract assets) which are subjected to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed on an individual basis for customers with high credit risk and the remaining is collectively using provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all other instruments, the Group measures the impairment loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a deregistration event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate determined at initial recognition.

Lifetime ECL for trade, bills and other receivables, receivables at FVTOCI and contract assets (except for trade receivables from customers with high credit risk) are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for receivables at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, bills receivables, other receivables and contract assets where the corresponding adjustment is recognized through a loss allowance account. For receivables at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item (Note 9) as part of the net foreign exchange losses.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities or equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortized cost

Financial liabilities including bank and other borrowings, trade, bills and other payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'Other gains and losses' line item in profit or loss (Note 9) as part of net foreign exchange losses for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Deferred tax assets

As at December 31, 2022, 2023 and 2024 and June 30, 2025, deferred tax assets of RMB79,858,000, RMB54,536,000, RMB6,385,000 and RMB10,904,000 in relation to unused tax losses and deductible temporary differences for the Company and certain subsidiaries has been recognized in the consolidated statements of financial position as disclosed in Note 19. No deferred tax asset has been recognized on the tax losses of RMB76,611,000, RMB172,482,000, RMB265,953,000 and RMB287,264,000 and deductible temporary differences of RMB16,176,000, RMB56,451,000, RMB147,452,000 and RMB106,970,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, due to the unpredictability of future profit streams or reversal of the deductible temporary differences. The realizability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes trade barriers such as export requirements, tariffs and taxes, higher interest rates and inflation, energy security concerns, elections in major economies, and international conflicts and tensions, may progress and evolve.

In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits and taxable temporary differences estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

Provision of ECL for trade receivables and contract assets

For trade receivables and contract assets which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Notes 7, 22, 23 and 42.

Write-down of inventories

The Group's inventories are stated at the lower of cost and net realizable value. The Group writes down its inventories based on estimates of the realizable value with reference to aging and the conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed at the end of each reporting period for write-down, if appropriate. Further details of the inventories are set out in Note 21.

Warranty Provision

The Group makes a provision for product warranty for the sales of energy storage system batteries ("ESS batteries") and energy storage systems according to the best expected settlement under the sales agreement. The provision amount takes into account the Group's recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. When the future costs and the probability of incurring warranty claims are higher or lower than expected and where events or circumstances that indicating the amount of warranty provision may not be adequate or excessive, such impact will affect the profit and loss in the years in which such estimate has been changed. Further details of the provision are set out in Note 30.

Estimated provisions for litigation claims

The Group evaluates whether a present obligation exists under litigation claim after taking into account all available evidence, including the opinion of experts. A provision is recognized for litigation claim if the Directors consider it is more likely than not that present obligation exists and a reliable estimate can be made on the settlement amount of the claim. If it is more likely than not that no present obligation exists, the Group should disclose a contingent liability, unless the possibility of any transfer of economic benefits in settlement is remote. Details of the contingent liabilities of the Group are disclosed in note 47.

[As at the date of this report], the Directors are of the view that no provision shall necessarily be made on litigation claims after taking into account of the opinion of experts and status of the litigations.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from the sales of ESS batteries, energy storage systems, materials and others, net of sales related taxes, during the Track Record Period.

(i) Disaggregated revenue information

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Type of goods and services, at a point in time					
Sales of products and services					
– ESS batteries	2,538,320	7,957,162	7,960,613	1,871,585	5,449,273
– Energy storage systems	909,493	1,973,217	4,670,503	168,704	1,279,217
– Materials and others	167,076	271,449	285,641	107,277	242,722
	3,614,889	10,201,828	12,916,757	2,147,566	6,971,212

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of ESS batteries, energy storage systems and related services

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue arising from sales of ESS batteries and energy storage systems is recognized at a point in time when the goods are generally accepted by the customers, and revenue arising from services is recognized upon completion of the relevant services, since only by that time the Group passes control of the goods or services to the customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

Customers are generally required to make a percentage of total consideration as prepayments before the Group deliver the products. Contract liabilities are recognized when consideration is received in which revenue has yet been recognized.

Materials and others

For sales of materials and others, revenue is recognized at a point in time upon customers' acceptance of the delivered goods.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group's contract has an original expected duration of less than one year.

(iv) Segment information

For the purpose of resource allocation and assessment of segment performance, the Chief Executive Officer of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Entity-wide disclosures

Geographical information

As at December 31, 2022 and 2023, most of the Group's non-current assets were located in the PRC. As at December 31, 2024 and June 30, 2025, other than the trade, bills and other receivables, deferred tax assets and other long-term prepayments, the Group's non-current assets that were located overseas amounted to RMB493,424,000 and RMB1,255,408,000, respectively, and the remaining non-current assets mainly were located in the PRC.

The geographical information of the Group's revenue, determined based on geographical location of the registered office of the immediate customers, during the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Mainland China	3,614,856	10,100,713	9,216,616	2,076,889	5,750,262
The United States	17	537	3,385,597	6	821,119
Others	16	100,578	314,544	70,671	399,831
	3,614,889	10,201,828	12,916,757	2,147,566	6,971,212

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A *(note i)*	N/A	N/A	2,239,739	N/A	N/A
Customer B *(note ii)*	N/A	N/A	1,582,787	449,585	N/A
Customer C *(note iii)*	N/A	N/A	N/A	383,962	846,584

Notes:

i. Revenue from customer A mainly included sales of energy storage systems. The corresponding revenue did not contribute over 10% of the Groups' total revenue in the years ended December 31, 2022 and 2023 and the six months ended June 30, 2024 and 2025.

ii. Revenue from customer B mainly included sales of ESS batteries and energy storage systems. The corresponding revenue did not contribute over 10% of the Groups' total revenue in the years ended December 31, 2022 and 2023 and the six months ended June 30, 2025.

iii. Revenue from customer C mainly included sales of ESS batteries. The corresponding revenue did not contribute over 10% of the Groups' total revenue in the years ended December 31, 2022, 2023 and 2024.

6. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income from banks and other financial assets at amortized cost	11,250	81,526	76,069	39,925	58,291
Government grants					
– assets related *(note i)*	4,045	53,141	99,034	44,242	70,515
– income related *(note ii)*	7,198	47,831	315,017	76,103	263,457
Extra deduction of value-added tax ("VAT") *(note iii)*	–	51,689	10,269	1,530	14,151
Others	1,296	8,907	2,480	1,661	1,295
	23,789	243,094	502,869	163,461	407,709

Notes:

i. The Group has received certain government grants as incentive for investing in manufacturing facilities. The grants are recognized in the profit or loss over the useful lives of the relevant assets.

ii. Other government grants of the Group were mainly related to enterprise development support and innovation capability incentives. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group or are conditional but with such has been satisfied during the year/period.

iii. According to the State Taxation Administration of the PRC, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input tax from the VAT payable.

7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment losses (recognized) reversed on:					
– trade receivables	(1,054)	(162,785)	(513,123)	(80,622)	(23,805)
– other receivables	1,911	(5,081)	2,016	(2,026)	(752)
– contract assets	(340)	(3,376)	(21,207)	(6,369)	(4,350)
	517	(171,242)	(532,314)	(89,017)	(28,907)

8. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	1,391	3,212	3,559	1,616	3,528
Interest on discounting bills receivables	–	41	587	289	1,127
Interest on bank and other borrowings	71,879	243,450	342,238	169,044	191,176
Total borrowing costs	73,270	246,703	346,384	170,949	195,831
Less: Amounts capitalized in the cost of qualifying assets (note)	(8,537)	(40,259)	(10,644)	(5,707)	(6,860)
	64,733	206,444	335,740	165,242	188,971

Note: During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, borrowing costs from certain bank borrowings were capitalized to expenditure on construction in progress at a weighted average rate of 3.42%, 4.08%, 4.01%, 4.18% (unaudited) and 3.70%, respectively.

9. OTHER GAINS AND LOSSES

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fair value loss on puttable shares liabilities	(1,290,461)	(1,715,798)	–	–	–
Fair value (loss) gain on derivative financial liabilities	–	–	(4,511)	–	2,139
Fair value gain on financial assets at FVTPL	5	13,628	35,372	17,770	11,894
Gain (loss) on disposal of property, plant and equipment	267	(3,129)	2,869	1,810	123
Net foreign exchange losses	(717)	(3,334)	(4,421)	(620)	(1,707)
Loss on discounting receivables at FVTOCI	–	(8,460)	(6,629)	(2,476)	(8,622)
Others	(544)	(1,157)	(1,658)	(818)	(492)
	(1,291,450)	(1,718,250)	21,022	15,666	3,335

10. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging (crediting):

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	101,636	355,368	732,812	349,092	411,561
Depreciation of right-of-use assets	19,174	48,072	48,082	21,774	28,041
Amortization of intangible assets	1,248	3,914	6,351	3,012	3,510
Total depreciation and amortization	122,058	407,354	787,245	373,878	443,112
Less: Capitalized in inventories	(85,449)	(280,931)	(580,646)	(273,491)	(318,971)
Less: Capitalized in construction in process	(719)	(1,936)	(1,549)	(938)	(602)
	35,890	124,487	205,050	99,449	123,539
Auditors' remuneration	1,857	1,222	1,350	900	891
Staff costs					
– Salaries and other benefits	411,303	1,100,053	1,210,696	590,959	625,086
– Retirement benefit scheme contributions	14,203	46,201	59,018	29,203	34,225
– Discretionary performance related bonus	46,187	74,263	133,387	53,478	72,322
– Share-based payment expenses	381,811	33,989	23,591	13,265	26,122
Total staff costs	853,504	1,254,506	1,426,692	686,905	757,755
Less: Capitalized in inventories	(212,626)	(530,322)	(663,758)	(317,236)	(305,806)
	640,878	724,184	762,934	369,669	451,949
Analyzed as					
– Administrative expenses	522,168	416,226	356,675	155,181	232,200
– Selling and marketing expenses	33,756	97,878	141,721	77,147	95,656
– Research and development expenses	84,954	210,080	264,538	137,341	124,093
	640,878	724,184	762,934	369,669	451,949
Cost of inventories recognized as an expense	3,196,133	8,634,055	10,392,158	1,994,101	5,972,200
Write-down of inventories	3,893	320,621	205,061	72,336	74,605
Total cost of inventories	3,200,026	8,954,676	10,597,219	2,066,437	6,046,805
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses analyzed as					
– staff costs	84,954	210,080	264,538	137,341	124,093
– depreciation and amortization	24,090	68,925	104,991	54,347	46,013
– utilities	13,393	53,195	46,841	23,514	21,342
– materials consumed	38,414	85,660	36,973	14,776	37,038
– testing expenses	14,466	23,536	23,163	8,508	15,706
– others	22,050	43,519	53,532	27,136	27,208
	197,367	484,915	530,038	265,622	271,400

11. INCOME TAX (CREDIT) EXPENSE

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current tax	–	–	146,712	–	107,117
Deferred tax credit	(63,754)	(78,838)	(120,013)	(130,514)	(143,810)
Over provision in prior years	–	–	–	–	(23,991)
	(63,754)	(78,838)	26,699	(130,514)	(60,684)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

The Company, Xiamen Zongling, Xiamen Haichuang Xingzhi Technology Co., Ltd. *("Haichuang Xingzhi") (廈門海創星智科技有限公司) and Hithium Energy Storage Equipment (Shenzhen) Co., Ltd.* ("Hithium Equipment") (海辰儲能裝備(深圳)有限公司) obtained the "High and New Technology Enterprise" certification in November 2022, December 2023, November 2024, and December 2024, respectively, and were therefore entitled to a preferential tax rate of 15% for a period of 3 years from 2022 to 2024, from 2023 to 2025, from 2024 to 2026, and from 2024 to 2026, respectively. The Company is applying for renewal of the "High and New Technology Enterprise" certification and the renewal procedures is in progress. The directors of the Company are of the view that it is very probable that the subsidiaries which are eligible for "High and New Technology Enterprise" tax preference are able to extend their accreditation upon expiry.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Income tax (credit) expense for the year/period can be reconciled to (loss) profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
(Loss) profit before tax	(1,840,613)	(2,053,837)	314,342	(738,688)	152,083
Tax at income tax rate of 25%	(460,153)	(513,459)	78,585	(184,672)	38,021
Income tax at concessionary rate	42,439	51,156	(9,936)	70,375	(34,891)
Tax effect of share of results of associates	(475)	812	5,052	1,437	(1,044)
Tax effect of expense not deductible for tax purpose	423,044	452,796	21,105	15,397	18,122
Over provision in respect of prior years	–	–	–	–	(23,991)
Tax effect of tax losses not recognized	15,138	24,381	23,368	25,720	18,070
Utilization of tax losses previously not recognized	–	–	–	–	(11,098)
Tax effect of deductible temporary differences not recognized	3,853	9,933	22,352	649	–
Utilization of deductible temporary differences not recognized	–	–	–	–	(9,296)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Tax effect attributable to the additional qualified tax deduction relating to research and development expenditures and acquisition of equipment *(note)*	(87,600)	(104,457)	(112,312)	(61,182)	(55,952)
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	–	(1,515)	1,762	1,375
Income tax (credit) expense	(63,754)	(78,838)	26,699	(130,514)	(60,684)

* English name is for identification purpose

Note: Pursuant to relevant laws and regulations in the PRC, the Group enjoys super deduction of 100% on qualifying research and development expenditures from taxable profit throughout the Track Record Period. In addition, the State Taxation Administration of the PRC announced that High Technology Enterprise would entitle to claim 100% of their acquisition of equipment as super deduction applicable for the period from October 1, 2022 to December 31, 2022.

12. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors', supervisors' and chief executive's emoluments

During the Track Record Period, directors', supervisors' and chief executive's remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2022							
Directors							
Mr. Wu Zuyu ("Mr. Wu")	May 11, 2021	–	563	6	91	–	660
Mr. Wang Pengcheng ("Mr. Wang") *(note i)*	August 8, 2022	–	602	6	96	–	704
Dr. Yi Ziqi ("Dr. Yi")	August 8, 2022	–	541	6	108	52,241	52,896
Mr. Pang Wenjie ("Mr. Pang")	August 8, 2022	–	574	6	82	44,722	45,384
Independent directors							
Dr. Huang Yunhui ("Dr. Huang")	August 8, 2022	50	–	–	–	–	50
Dr. Liu Zhiyun ("Dr. Liu") *(note ii)*	August 8, 2022	50	–	–	–	–	50
Dr. Xiao Hong ("Dr. Xiao") *(note ii)*	August 8, 2022	50	–	–	–	–	50
Supervisors							
Mr. Wu Yuyuan ("Mr. Wu Y")	August 8, 2022	–	393	6	60	6,754	7,213
Dr. Liao Linping ("Dr. Liao")	August 8, 2022	–	495	4	58	2,522	3,079
Ms. He Yong	August 8, 2022	–	605	2	112	6,754	7,473
		150	3,773	36	607	112,993	117,559

	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023							
Directors							
Mr. Wu	May 11, 2021	–	876	38	94	–	1,008
Mr. Wang *(note i)*	August 8, 2022	–	887	39	94	–	1,020
Dr. Yi	August 8, 2022	–	780	38	124	–	942
Mr. Pang	August 8, 2022	–	785	38	176	–	999
Independent directors							
Dr. Huang	August 8, 2022	120	–	–	–	–	120
Dr. Liu *(note ii)*	August 8, 2022	120	–	–	–	–	120
Dr. Xiao *(note ii)*	August 8, 2022	120	–	–	–	–	120
Supervisors							
Mr. Wu Y	August 8, 2022	–	449	8	237	–	694
Dr. Liao	August 8, 2022	–	468	8	45	–	521
Ms. He Yong	August 8, 2022	–	769	38	67	–	874
		360	5,014	207	837	–	6,418

	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024							
Directors							
Mr. Wu	May 11, 2021	–	1,297	40	314	–	1,651
Mr. Wang *(note i)*	August 8, 2022	–	1,309	40	314	–	1,663
Dr. Yi	August 8, 2022	–	1,064	40	281	–	1,385
Mr. Pang	August 8, 2022	–	1,068	40	276	–	1,384
Independent directors							
Dr. Huang	August 8, 2022	120	–	–	–	–	120
Dr. Liu *(note ii)*	August 8, 2022	120	–	–	–	–	120
Dr. Xiao *(note ii)*	August 8, 2022	120	–	–	–	–	120
Supervisors							
Mr. Wu Y	August 8, 2022	–	677	8	276	–	961
Dr. Liao	August 8, 2022	–	429	8	100	–	537
Ms. He Yong	August 8, 2022	–	766	40	120	–	926
		360	6,610	216	1,681	–	8,867

	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2024 (unaudited)							
Directors							
Mr. Wu	May 11, 2021	–	648	20	157	–	825
Mr. Wang *(note i)*	August 8, 2022	–	655	20	157	–	832
Dr. Yi	August 8, 2022	–	532	20	127	–	679
Mr. Pang	August 8, 2022	–	534	20	127	–	681

	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Independent directors							
Dr. Huang	August 8, 2022	60	–	–	–	–	60
Dr. Liu *(note ii)*	August 8, 2022	60	–	–	–	–	60
Dr. Xiao *(note ii)*	August 8, 2022	60	–	–	–	–	60
Supervisors							
Mr. Wu Y	August 8, 2022	–	338	4	161	–	503
Dr. Liao	August 8, 2022	–	205	4	31	–	240
Ms. He Yong	August 8, 2022	–	385	20	60	–	465
		180	3,297	108	820	–	4,405

	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2025							
Executive directors							
Mr. Wu	May 11, 2021	–	648	20	137	4,145	4,950
Mr. Wang *(note i)*	August 8, 2022	–	655	20	137	–	812
Dr. Yi	August 8, 2022	–	534	20	162	–	716
Mr. Pang	August 8, 2022	–	542	20	162	–	724
Independent non-executive directors							
Dr. Huang	August 8, 2022	90	–	–	–	–	90
Mr. Jack Lin ("Mr. Lin") *(note iii)*	March 6, 2025	60	–	–	–	–	60
Ms. Wu Wei ("Ms. Wu") *(note iii)*	March 6, 2025	60	–	–	–	–	60
Dr. Liu *(note ii)*	August 8, 2022	30	–	–	–	–	30
Dr. Xiao *(note ii)*	August 8, 2022	30	–	–	–	–	30
Supervisors							
Mr. Wu Y	August 8, 2022	–	471	20	207	–	698
Dr. Liao	August 8, 2022	–	225	4	36	–	265
Ms. He Yong	August 8, 2022	–	387	20	182	–	589
		270	3,462	124	1,023	4,145	9,024

Notes:

i. Mr. Wang is the Chief Executive Officer of the Company.

ii. Dr. Liu and Dr. Xiao resigned as independent directors on March 6, 2025.

iii. Mr. Lin and Ms. Wu were appointed as independent non-executive directors on March 6, 2025.

The directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The supervisors' emoluments shown above were for their services as directors and supervisors of the Company during the Track Record Period.

During the Track Record Period, there was no arrangement under which a director or supervisor or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid employees

The five highest paid employees of the Group include 2, nil, nil, nil (unaudited) and 1 directors of the Company whose emoluments, are set out above for the Track Record Period. The emoluments of the remaining 3, 5, 5, 5 (unaudited) and 4 employees for each of the year ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other benefits	1,245	3,910	5,174	2,850	3,213
Retirement benefit scheme contributions	17	161	141	88	78
Discretionary performance related bonus *(note)*	274	479	1,637	863	596
Share-based payment expenses	118,596	10,991	3,694	888	2,256
	120,132	15,541	10,646	4,689	6,143

Note: Discretionary performance related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

The number of the five highest paid employees of the Company whose remuneration fell within the following bands presented in Hong Kong Dollar ("HK$") is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Nil to HK$1,000,000	–	–	–	2	–
HK$1,000,001 to HK$1,500,000	–	1	1	3	–
HK$1,500,001 to HK$2,000,000	–	–	1	–	4
HK$2,000,001 to HK$2,500,000	–	1	1	–	–
HK$2,500,001 to HK$3,000,000	–	1	1	–	–
HK$3,500,001 to HK$4,000,000	–	1	1	–	–
HK$5,000,001 to HK$5,500,000	–	–	–	–	1
HK$7,000,001 to HK$7,500,000	–	1	–	–	–
HK$20,000,001 to HK$20,500,000	1	–	–	–	–
HK$37,500,001 to HK$38,000,000	1	–	–	–	–
HK$50,500,001 to HK$51,000,000	1	–	–	–	–
HK$59,000,001 to HK$59,500,000	1	–	–	–	–
HK$76,000,001 to HK$76,500,000	1	–	–	–	–
Total	5	5	5	5	5

13. DIVIDENDS

No dividend was declared or paid for ordinary shareholders of the Company during the Track Record Period. No dividend has been proposed since the end of the Track Record Period.

14. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
(Loss) profit for the purpose of basic and diluted loss/earnings per share	(1,769,785)	(1,962,602)	258,536	(587,156)	212,110
Weighted average number of ordinary shares for the purpose of basic loss/earnings per share *(note)*	769,703,521	978,138,714	1,069,245,156	1,069,245,156	1,069,245,156
Effect of dilutive potential ordinary shares: – unvested awarded shares	–	–	–	–	1,000,379
Weighted average number of ordinary shares for the purpose of diluted loss/earnings per share	769,703,521	978,138,714	1,069,245,156	1,069,245,156	1,070,245,535

Note: The weighted average number of ordinary shares shown above have been adjusted retrospectively after taking into account the impact of capitalization issue with details set out in Note 35. The weighted average number of ordinary shares used in computing the earnings per share for the Track Record Period have taken into account the potential impact of outstanding [**REDACTED**] Share Incentive Schemes as set out in Note 36.

The computation of diluted loss per share for the years ended December 31, 2022 and 2023 does not assume the conversion of the Company's puttable shares since their assumed conversion would result in a decrease in loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land	Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST								
At January 1, 2022	–	292,389	249,203	12,682	2,360	3,095	332,294	892,023
Additions	–	–	172	19,023	2,186	16,177	2,558,677	2,596,235
Transfers	–	540,765	788,985	–	35	–	(1,329,785)	–
Disposals	–	–	(3,892)	(5)	(3)	–	–	(3,900)
At December 31, 2022	–	833,154	1,034,468	31,700	4,578	19,272	1,561,186	3,484,358
Additions	–	–	2,051	91,516	1,996	35,291	5,887,790	6,018,644
Transfers	–	2,992,034	3,108,168	–	–	–	(6,100,202)	–
Disposals	–	(11,410)	(17,885)	(1,368)	–	–	–	(30,663)
At December 31, 2023	–	3,813,778	4,126,802	121,848	6,574	54,563	1,348,774	9,472,339
Additions	29,091	–	51,844	2,725	1,411	14,998	1,594,873	1,694,942
Transfers	–	912,190	1,331,988	10,669	669	8,921	(2,264,437)	–
Disposals	–	(1,065)	(55,347)	(2,731)	(196)	–	–	(59,339)
At December 31, 2024	29,091	4,724,903	5,455,287	132,511	8,458	78,482	679,210	11,107,942
Additions	–	5,331	4,572	1,337	1,252	1,588	1,357,582	1,371,662
Transfers	–	89,615	208,528	386	–	5,013	(303,542)	–
Disposals	(121)	(2,170)	(5,411)	(334)	(85)	–	–	(8,121)
At June 30, 2025	28,970	4,817,679	5,662,976	133,900	9,625	85,083	1,733,250	12,471,483
ACCUMULATED DEPRECIATION								
At January 1, 2022	–	2,306	3,742	979	45	232	–	7,304
Provided for the year	–	27,589	66,454	4,585	301	2,707	–	101,636
Eliminated on disposals	–	–	(187)	(1)	(1)	–	–	(189)
At December 31, 2022	–	29,895	70,009	5,563	345	2,939	–	108,751
Provided for the year	–	86,304	232,815	16,628	535	19,086	–	355,368
Eliminated on disposals	–	(832)	(2,013)	(35)	–	–	–	(2,880)
At December 31, 2023	–	115,367	300,811	22,156	880	22,025	–	461,239
Provided for the year	–	189,342	494,834	24,350	944	23,342	–	732,812
Eliminated on disposals	–	(15)	(10,574)	(746)	(69)	–	–	(11,404)
At December 31, 2024	–	304,694	785,071	45,760	1,755	45,367	–	1,182,647
Provided for the period	–	111,490	279,422	12,183	1,772	6,694	–	411,561
Eliminated on disposals	–	(80)	(3,601)	(178)	(33)	–	–	(3,892)
At June 30, 2025	–	416,104	1,060,892	57,765	3,494	52,061	–	1,590,316
CARRYING VALUE								
At December 31, 2022	–	803,259	964,459	26,137	4,233	16,333	1,561,186	3,375,607
At December 31, 2023	–	3,698,411	3,825,991	99,692	5,694	32,538	1,348,774	9,011,100
At December 31, 2024	29,091	4,420,209	4,670,216	86,751	6,703	33,115	679,210	9,925,295
At June 30, 2025	28,970	4,401,575	4,602,084	76,135	6,131	33,022	1,733,250	10,881,167

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. The Group has obtained the property ownership certificates for all buildings except for buildings with carrying amount of RMB526,315,000, RMB2,944,985,000, RMB1,649,776,000 and RMB87,466,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, which the Group is in the process of obtaining.

The Company

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At January 1, 2022	222,554	216,948	12,011	2,111	1,604	329,004	784,232
Additions	–	–	18,567	2,186	15,227	2,031,964	2,067,944
Transfers	540,765	764,048	–	–	–	(1,304,813)	–
Disposals	–	(3,832)	(5)	(3)	–	–	(3,840)
At December 31, 2022	763,319	977,164	30,573	4,294	16,831	1,056,155	2,848,336
Additions	–	–	63,228	1,119	19,464	2,804,606	2,888,417
Transfers	1,230,026	2,214,755	–	–	–	(3,444,781)	–
Disposals	(11,411)	(1,221)	(671)	–	–	–	(13,303)
At December 31, 2023	1,981,934	3,190,698	93,130	5,413	36,295	415,980	5,723,450
Additions	–	5,166	2,311	610	5,244	185,404	198,735
Transfers	226,832	336,379	292	578	8,872	(572,953)	–
Disposals	–	(8,360)	(1,328)	(22)	–	(1,002)	(10,712)
At December 31, 2024	2,208,766	3,523,883	94,405	6,579	50,411	27,429	5,911,473
Additions	2,107	5,494	579	1,231	801	172,502	182,714
Transfers	421	37,334	–	–	5,216	(42,971)	–
Disposals	(18)	(3,608)	(254)	(85)	(60)	(24,302)	(28,327)
At June 30, 2025	2,211,276	3,563,103	94,730	7,725	56,368	132,658	6,065,860
ACCUMULATED DEPRECIATION							
At January 1, 2022	1,753	3,734	965	45	161	–	6,658
Provided for the year	24,272	62,059	4,413	271	2,245	–	93,260
Eliminated on disposals	–	(182)	(1)	(1)	–	–	(184)
At December 31, 2022	26,025	65,611	5,377	315	2,406	–	99,734
Provided for the year	68,212	214,431	15,738	449	17,376	–	316,206
Eliminated on disposals	(832)	(445)	(35)	–	–	–	(1,312)
At December 31, 2023	93,405	279,597	21,080	764	19,782	–	414,628
Provided for the year	92,235	352,456	18,619	576	17,058	–	480,944
Eliminated on disposals	–	(1,664)	(516)	(14)	–	–	(2,194)
At December 31, 2024	185,640	630,389	39,183	1,326	36,840	–	893,378
Provided for the period	51,297	181,823	8,715	1,674	1,814	–	245,323
Eliminated on disposals	–	(3,244)	(178)	(33)	–	–	(3,455)
At June 30, 2025	236,937	808,968	47,720	2,967	38,654	–	1,135,246
CARRYING VALUE							
At December 31, 2022	737,294	911,553	25,196	3,979	14,425	1,056,155	2,748,602
At December 31, 2023	1,888,529	2,911,101	72,050	4,649	16,513	415,980	5,308,822
At December 31, 2024	2,023,126	2,893,494	55,222	5,253	13,571	27,429	5,018,095
At June 30, 2025	1,974,339	2,754,135	47,010	4,758	17,714	132,658	4,930,614

The above items of property, plant and equipment, other than construction in progress and freehold land, are depreciated on a straight-line basis over the following estimated useful lives after taking into account their estimated residual values:

	Useful lives	Estimated residual values
	Years	
Buildings	20	5%
Plant and machinery	5-10	5%
Office equipment	3-10	0-5%
Motor vehicles	4-10	5%
Leasehold improvements	1-5	0%

Details of property, plant and equipment pledged as securities for the Group's borrowings are set out in Note 37.

During the Track Record Period, no impairment loss was recognized for the Group's and the Company's property, plant and equipment.

16. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Staff quarters	Office properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022				
Carrying amount	341,128	23,254	19,591	383,973
At December 31, 2023				
Carrying amount	362,703	10,140	61,978	434,821
At December 31, 2024				
Carrying amount	654,613	34,646	97,937	787,196
At June 30, 2025				
Carrying amount	648,037	26,112	92,513	766,662
For the year ended December 31, 2022				
Depreciation charge	2,934	11,222	5,018	19,174
Capitalized in construction in progress	(719)	–	–	(719)
	2,215	11,222	5,018	18,455
For the year ended December 31, 2023				
Depreciation charge	7,300	24,604	16,168	48,072
Capitalized in construction in progress	(1,936)	–	–	(1,936)
	5,364	24,604	16,168	46,136
For the year ended December 31, 2024				
Depreciation charge	9,383	11,215	27,484	48,082
Capitalized in construction in progress	(1,549)	–	–	(1,549)
	7,834	11,215	27,484	46,533
For the six months ended June 30, 2025				
Depreciation charge	6,760	8,535	12,746	28,041
Capitalized in construction in progress	(602)	–	–	(602)
	6,158	8,535	12,746	27,439

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Expenses relating to short-term leases	6,366	45,536	29,136	16,943	18,756
Total cash outflow for leases	319,633	119,745	398,011	36,089	50,968
Additions to right-of-use assets	331,517	127,075	418,616	31,879	18,265

During the Track Record Period, the Group leases various properties from independent third parties for its operations. Lease contract is entered into for a fixed term of 2 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leasehold lands mainly represent upfront payments for leasehold lands in the PRC for 48 years to 50 years. Land use right certificates for leasehold land in the PRC have been obtained.

The Group regularly entered into short-term leases for office, warehouses, vehicles, machinery, and equipment. As at December 31, 2022, 2023 and 2024 and June 30, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

Details of right-of-use assets pledged as securities for the Group's borrowings are set out in Note 37.

Restrictions or covenants on leases

In addition, lease liabilities of RMB43,061,000, RMB74,312,000, RMB136,038,000 and RMB119,835,000 were recognized with related right-of-use assets of RMB42,845,000, RMB72,118,000, RMB132,583,000 and RMB118,625,000 at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets, except for leasehold land, may not be used as security for borrowing purposes.

The Company

	Leasehold lands	Staff quarters	Office properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022				
Carrying amount	77,015	23,254	13,013	113,282
At December 31, 2023				
Carrying amount	75,437	10,140	7,932	93,509
At December 31, 2024				
Carrying amount	73,859	34,646	56,598	165,103
At June 30, 2025				
Carrying amount	73,255	26,112	50,998	150,365
For the year ended December 31, 2022				
Depreciation charge	1,227	11,222	3,093	15,542
Capitalized in construction in progress	(508)	–	–	(508)
	719	11,222	3,093	15,034
For the year ended December 31, 2023				
Depreciation charge	1,578	24,604	4,963	31,145
Capitalized in construction in progress	(262)	–	–	(262)
	1,316	24,604	4,963	30,883

	Leasehold lands	Staff quarters	Office properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2024				
Depreciation charge	1,578	11,215	12,484	25,277
For the six months ended June 30, 2025				
Depreciation charge	789	8,535	5,599	14,923

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Expenses relating to short-term leases	6,350	52,316	44,353	31,763	25,980
Total cash outflow for leases	74,331	69,879	113,363	44,383	38,284
Additions to right-of-use assets	89,834	34,037	104,076	30,064	184

During the Track Record Period, the Company leases various properties from independent third parties for its operations. Lease contract is entered into for a fixed term of 2 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leasehold lands mainly represent upfront payments for leasehold lands in the PRC for 48 to 50 years. Land use right certificates for leasehold land in the PRC have been obtained.

The Company regularly entered into short-term leases for warehouses, equipment and offices. As at December 31, 2022, 2023, and 2024 and June 30, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB35,918,000, RMB15,726,000, RMB87,503,000 and RMB73,735,000 were recognized with related right-of-use assets of RMB36,267,000, RMB18,072,000, RMB91,244,000 and RMB77,110,000 at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets, except for leasehold land, may not be used as security for borrowing purposes.

During the Track Record Period, no impairment loss was recognized for the Group's and the Company's right-of-use assets.

17. INTANGIBLE ASSETS

The Group

	Licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2022	351	4,212	4,563
Additions	990	19,394	20,384
At December 31, 2022	1,341	23,606	24,947
Additions	2,261	9,371	11,632
At December 31, 2023	3,602	32,977	36,579
Additions	488	26,880	27,368
At December 31, 2024	4,090	59,857	63,947
Additions	–	9,559	9,559
At June 30, 2025	4,090	69,416	73,506
ACCUMULATED DEPRECIATION			
At January 1, 2022	39	250	289
Provided for the year	144	1,104	1,248
At December 31, 2022	183	1,354	1,537
Provided for the year	613	3,301	3,914
At December 31, 2023	796	4,655	5,451
Provided for the year	735	5,616	6,351
At December 31, 2024	1,531	10,271	11,802
Provided for the period	342	3,168	3,510
At June 30, 2025	1,873	13,439	15,312
CARRYING VALUE			
At December 31, 2022	1,158	22,252	23,410
At December 31, 2023	2,806	28,322	31,128
At December 31, 2024	2,559	49,586	52,145
At June 30, 2025	2,217	55,977	58,194

The Company

	Licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2022	267	4,212	4,479
Additions	932	19,394	20,326
At December 31, 2022	1,199	23,606	24,805
Additions	2,132	8,335	10,467
At December 31, 2023	3,331	31,941	35,272
Additions	488	31,220	31,708
At December 31, 2024	3,819	63,161	66,980
Additions	–	7,924	7,924
At June 30, 2025	3,819	71,085	74,904

	Licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
ACCUMULATED DEPRECIATION			
At January 1, 2022	39	250	289
Provided for the year	116	1,103	1,219
At December 31, 2022	155	1,353	1,508
Provided for the year	564	3,263	3,827
At December 31, 2023	719	4,616	5,335
Provided for the year	680	5,355	6,035
At December 31, 2024	1,399	9,971	11,370
Provided for the period	315	3,340	3,655
At June 30, 2025	1,714	13,311	15,025
CARRYING VALUE			
At December 31, 2022	1,044	22,253	23,297
At December 31, 2023	2,612	27,325	29,937
At December 31, 2024	2,420	53,190	55,610
At June 30, 2025	2,105	57,774	59,879

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Licenses	5 years
Software	10 years

No impairment loss was recognized for intangible assets at the end of each year over the Track Record Period.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interests in associates	153,579	253,220	281,491	281,139
Interest in a joint venture	–	–	–	–
	153,579	253,220	281,491	281,139

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interests in associates	147,710	246,396	252,078	257,853
Interest in a joint venture	–	–	–	–
	147,710	246,396	252,078	257,853

(a) Interests in associates

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates, unlisted	151,740	254,629	304,133	303,731
Share of post-acquisition profit or loss and other comprehensive income (expenses)	1,839	(1,409)	(22,642)	(22,592)
	153,579	253,220	281,491	281,139

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates, unlisted	145,740	248,628	271,815	273,414
Share of post-acquisition profit or loss and other comprehensive income (expenses)	1,970	(2,232)	(19,737)	(15,561)
	147,710	246,396	252,078	257,853

Details of the Group's associates during the Track Record Period and the date of this report are as follows:

Name of associates	Place of operation and principal place of operation	Proportion of ownership interest held by the Group					Proportion of voting right held by the Group					Principal activities
		At December 31,			At June 30,	At date of report	At December 31,			At June 30,	At date of report	
		2022	2023	2024	2025		2022	2023	2024	2025		
Directly held:												
Shenzhen Shenyuan Technology Energy Co., Ltd* 深圳深源技術能源有限公司 ("Shenzhen Shenyuan") *(note i)*	The PRC	20.21%	20.21%	18.61%	18.61%	[18.61]%	20.21%	20.21%	18.61%	18.61%	[18.61]%	Research and development, production and sales of household energy storage products
Sichuan Langsheng New Material Technology Co., Ltd*四川朗晟新材料科技有限公司 ("Sichuan Langsheng") *(note ii)*	The PRC	16.67%	13.02%	13.02%	13.02%	[13.02]%	16.67%	13.02%	13.02%	13.02%	[13.02]%	Production and sales of lithium iron phosphate cathode materials

Name of associates	Place of operation and principal place of operation	Proportion of ownership interest held by the Group					Proportion of voting right held by the Group					Principal activities
		At December 31,			At June 30,	At date of report	At December 31,			At June 30,	At date of report	
		2022	2023	2024	2025		2022	2023	2024	2025		
Chongqing Haitongfenghe Energy Storage Industry Private Equity Investment Fund Partnership Enterprise (Limited Partnership)* 重慶海銅峯和儲能產業私募股權投資基金合夥企業(有限合夥) ("Chongqing Haitongfenghe") *(note iii)*. .	The PRC	19.98%	19.98%	19.98%	19.98%	[19.98]%	19.98%	19.98%	19.98%	19.98%	[19.98]%	Investment activities
Chongqing Chenfeng Energy Storage Technology Co., Ltd*重慶辰峯儲能科技有限公司 ("Chongqing Chenfeng")	The PRC	N/A	23.00%	23.00%	23.00%	[23.00]%	N/A	23.00%	23.00%	23.00%	[23.00]%	Development, investment and operations of power assets
Chongqing Yuhaifenghe Energy Storage Industry Private Equity Investment Fund Partnership Enterprise (Limited Partnership)* 重慶渝海峯和儲能產業私募股權投資基金合夥企業(有限合夥) ("Chongqing Yuhaifenghe") *(note iii)*	The PRC	N/A	N/A	16.00%	16.00%	[16.00]%	N/A	N/A	16.00%	16.00%	[16.00]%	Investment activities
Indirectly held:												
Shandong Huaqing Conductive New Material Technology Co., Ltd* 山東華擎導電新材料科技有限公司 ("Shandong Huaqing")	The PRC	N/A	N/A	44.29%	44.29%	[44.29]%	N/A	N/A	44.29%	44.29%	[44.29]%	Research and development, production and sales of new materials
Xiamen Lide Haichen Supply Chain Co., Ltd* 廈門立德海辰供應鏈有限公司 ("Xiamen Lide") *(note iv)*	The PRC	40.00%	40.00%	40.00%	N/A	[N/A]	40.00%	40.00%	40.00%	N/A	[N/A]	Supply chain management services
Zhuhai Dongchen Weiye New Energy Co., Ltd* 珠海東辰偉業新能源有限公司 ("Zhuhai Dongchen") . . .	The PRC	40.00%	40.00%	N/A	N/A	[N/A]	40.00%	40.00%	N/A	N/A	[N/A]	Operation of energy storage projects

* English name is for identification purpose

Notes:

i. As at December 31, 2024, June 30, 2025 [and date of this report], the Group was able to exercise significant influence over Shenzhen Shenyuan because it had the right to appoint 1 director out of 7 directors of this entity.

ii. The Group is able to exercise significant influence over Sichuan Langsheng because it has the right to appoint 1 director out of 5 directors of this entity.

iii. Chongqing Haitongfenghe and Chongqing Yuhaifenghe has established an investment committee with 3 members and 5 members, respectively. The Group has the right to appoint 1 member out of each investment committee, therefore the Group is able to exercise significant influence over these entities.

iv. Xiamen Lide was disposed of by the Group in April 2025.

Aggregate information of associates that are not individually material

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
The Group's share of profit (loss)	1,898	(3,248)	(20,207)	(5,769)	765
The Group's share of total comprehensive income (expense)	1,898	(3,248)	(20,207)	(5,769)	765

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's interests in these associates	153,579	253,220	281,491	281,139

(b) Interest in a joint venture

The Group and the Company

Details of the Group's or the Company's joint venture during the Track Record Period are as follows:

Name of joint venture	Place of operation and principal place of operation	Proportion of ownership interest held by the Group					Proportion of voting right held by the Group					Principal activities
		At December 31,			At June 30,	At date of report	At December 31,			At June 30,	At date of report	
		2022	2023	2024	2025		2022	2023	2024	2025		
Directly held:												
Haitham and Manat Manufacturing Limited Liability Company *(note)*	Saudi Arabia	N/A	N/A	60.00%	60.00%	[60.00]%	N/A	N/A	60.00%	60.00%	[60.00]%	Production and sales of module

Note: During the year ended December 31, 2024, the Company entered into an investment agreement with a third party to establish the joint venture. As at June 30, 2025 [and date of this report], no capital contribution had been made into the entity.

19. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	108,451	187,263	326,029	458,469
Deferred tax liabilities	–	–	(18,753)	(7,383)
	108,451	187,263	307,276	451,086

The following are the major deferred tax balances recognized and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Tax losses	Gain from changes in fair value of financial assets at FVTPL	Impairment loss on assets	Deferred income	Fair value changes on investments in equity instruments at FVTOCI	Lease liabilities	Right-of-use assets	Unrealized profit	Accrued expense and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2022	–	35,333	–	8,312	–	–	4,577	(4,724)	–	1,199	44,697
(Charge) credit to profit or loss	(26,892)	44,525	–	(2,560)	42,172	–	2,456	(2,361)	–	6,414	63,754
As at December 31, 2022	(26,892)	79,858	–	5,752	42,172	–	7,033	(7,085)	–	7,613	108,451
(Charge) credit to profit or loss	(57,250)	(25,322)	(709)	33,245	104,614	–	8,356	(8,658)	–	24,562	78,838
Charge to other comprehensive income	–	–	–	–	–	(26)	–	–	–	–	(26)
As at December 31, 2023	(84,142)	54,536	(709)	38,997	146,786	(26)	15,389	(15,743)	–	32,175	187,263
(Charge) credit to profit or loss	(110,663)	(48,151)	(563)	86,150	84,028	–	6,042	(6,636)	51,491	58,315	120,013
As at December 31, 2024	(194,805)	6,385	(1,272)	125,147	230,814	(26)	21,431	(22,379)	51,491	90,490	307,276
Credit (charge) to profit or loss	11,220	4,519	1,272	9,557	21,447	–	(444)	1,333	81,757	13,149	143,810
As at June 30,2025	(183,585)	10,904	–	134,704	252,261	(26)	20,987	(21,046)	133,248	103,639	451,086

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group has unused tax losses of approximately RMB609,000,000, RMB536,057,000, RMB308,517,000 and RMB327,893,000, respectively, available for offset against future profits. A deferred tax asset has been recognized in respect of approximately RMB532,389,000, RMB363,575,000, RMB42,564,000 and RMB40,629,000 of such losses as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. No deferred tax asset has been recognized for the remaining tax losses of approximately RMB76,611,000, RMB172,482,000, RMB265,953,000 and RMB287,264,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, due to the unpredictability of future profit streams.

The unrecognized tax losses as at December 31, 2022, 2023, 2024 and June 30, 2025 include an aggregate balance of nil, RMB25,103,000, RMB60,314,000 and RMB33,306,000 represented tax losses arising from subsidiaries located in Germany, the United States of America (the "U.S.") and Singapore which are permitted to carry forward indefinitely. The remaining unrecognized tax losses will be carried forward and expire in the following years:

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2023	–	N/A	N/A	N/A
2024	–	–	N/A	N/A
2025	567	567	567	567
2026	15,880	11,867	11,867	11,866
2027	60,164	42,876	32,179	31,188
2028	–	64,349	41,872	33,102
2029	–	–	44,598	35,100
2030	–	–	–	58,582
2031	–	4,013	–	–
2032	–	13,147	22,289	21,905
2033	–	10,560	34,854	34,854
2034	–	–	17,413	17,413
2035	–	–	–	9,381
	76,611	147,379	205,639	253,958

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group has deductible temporary differences of RMB386,075,000, RMB1,507,143,000, RMB3,239,148,000 and RMB3,826,490,000, respectively, available to offset against future profits, of which RMB369,899,000, RMB1,450,692,000, RMB3,091,696,000 and RMB3,719,520,000 were recognized deferred tax assets accordingly. No deferred tax asset has been recognized in relation to the remaining deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	108,451	174,963	239,374	281,374

The following are the major deferred tax balances recognized and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Tax losses	Gain from changes in fair value of financial assets at FVTPL	Impairment loss on assets	Deferred income	Lease liabilities	Right-of-use assets	Accrued expense and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2022	–	35,333	–	8,312	–	2,448	(2,595)	1,199	44,697
(Charge) credit to profit or loss	(26,892)	44,525	–	(2,560)	42,172	2,940	(2,845)	6,414	63,754
As at December 31, 2022	(26,892)	79,858	–	5,752	42,172	5,388	(5,440)	7,613	108,451
Credit (charge) to profit or loss	1,209	(40,713)	(709)	32,706	50,706	(3,029)	2,729	23,613	66,512
As at December 31, 2023	(25,683)	39,145	(709)	38,458	92,878	2,359	(2,711)	31,226	174,963
(Charge) credit to profit or loss	(33,483)	(39,145)	(563)	55,287	45,016	9,984	(10,976)	38,291	64,411
As at December 31, 2024	(59,166)	–	(1,272)	93,745	137,894	12,343	(13,687)	69,517	239,374
Credit (charge) to profit or loss	2,260	–	1,272	9,904	19,364	(1,283)	2,120	8,363	42,000
As at June 30, 2025	(56,906)	–	–	103,649	157,258	11,060	(11,567)	77,880	281,374

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Company has unused tax losses of approximately RMB532,389,000, RMB260,969,000, nil and nil, respectively, available for offset against future profits. Deferred tax asset has been recognized in respect of approximately RMB532,389,000, RMB260,969,000, nil and nil of such losses as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Deferred tax asset has been recognized in respect of all deductible temporary differences.

20. OTHER LONG-TERM PREPAYMENTS

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for acquisition of				
– property, plant and equipment *(note)*	623,940	307,249	234,898	304,377
– intangible assets	6,438	2,430	1,579	8,886
	630,378	309,679	236,477	313,263

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for acquisition of				
– property, plant and equipment *(note)*	599,543	179,610	127,153	136,112
– intangible assets	6,438	–	–	12,542
	605,981	179,610	127,153	148,654

Note: Prepayments for acquisition of property, plant and equipment were advance payments made for the acquisition of assets including machinery, equipment or vehicles.

21. INVENTORIES

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials and consumables	1,026,336	337,422	289,278	172,876
Work in progress	180,445	185,581	629,421	849,135
Finished goods	760,886	897,452	1,206,416	3,274,674
	1,967,667	1,420,455	2,125,115	4,296,685

The carrying amount of inventories are net of a write-down of approximately RMB34,603,000, RMB115,063,000, RMB114,492,000 and RMB129,087,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials and consumables	1,008,727	268,135	170,684	103,797
Work in progress	180,445	162,284	498,695	531,573
Finished goods	738,335	838,816	685,360	1,915,194
	1,927,507	1,269,235	1,354,739	2,550,564

The carrying amount of inventories are net of a write-down of approximately RMB34,472,000, RMB114,029,000, RMB77,001,000 and RMB111,286,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

22. TRADE, BILLS AND OTHER RECEIVABLES

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers				
– Third parties	222,822	4,139,461	8,974,763	8,385,241
Less: allowance for credit losses	(1,712)	(146,231)	(661,288)	(683,234)
– Related parties	2,124	27,549	1,094	811
Less: allowance for credit losses	(65)	(853)	(69)	(22)
	223,169	4,019,926	8,314,500	7,702,796
Less: amounts shown under current assets	(223,169)	(4,019,926)	(7,529,199)	(7,240,869)
Amounts shown under non-current assets *(note)*	–	–	785,301	461,927
Bills receivables	222,804	216,283	836,907	1,021,826
Advances to suppliers	43,596	607,737	556,229	602,078
VAT recoverable	148,172	254,741	368,758	255,889
Deferred issue cost	–	–	–	9,328
Other receivables	10,914	30,964	46,687	55,767
Less: allowance for credit losses	(1,755)	(5,147)	(3,041)	(3,803)
	200,927	888,295	968,633	919,259
Total trade, bills and other receivables	646,900	5,124,504	10,120,040	9,643,881
Less: amounts shown under current assets	(646,900)	(5,124,504)	(9,334,739)	(9,181,954)
Amounts shown under non-current assets	–	–	785,301	461,927

Note: During the year ended December 31, 2024, the Group entered into agreements to provide certain customers with long-term payment schedules for the related sales of energy storage systems. These trade receivables carried prevailing market interest rates and were classified as non-current as the related receivables will be collected beyond twelve months.

As at January 1, 2022, trade receivables from contracts with customers amounted to RMB8,235,000.

Details of bills receivables pledged as securities for the Group's borrowings are set out in Note 37.

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers				
– Third parties	222,656	3,802,549	6,035,211	5,982,659
Less: allowance for credit losses	(1,703)	(133,046)	(521,299)	(530,925)
– Related parties	2,124	27,549	1,061	766
Less: allowance for credit losses	(66)	(853)	(66)	(21)
– Subsidiaries	11,678	340,469	3,819,852	5,734,415
	234,689	4,036,668	9,334,759	11,186,894
Bills receivables	222,804	216,283	815,305	1,002,117
Advances to suppliers	40,665	591,175	529,440	546,839
VAT recoverable	105,463	7,852	94,009	11,008
Amounts due from subsidiaries	266,361	524,363	725,959	768,329
Deferred issue cost	–	–	–	9,328
Other receivables	10,535	25,390	19,081	27,782
Less: allowance for credit losses	(1,707)	(4,772)	(1,616)	(3,225)
	421,317	1,144,008	1,366,873	1,360,061
Amounts shown under current assets	878,810	5,396,959	11,516,937	13,549,072

As at January 1, 2022, trade receivables from contracts with customers amounted to RMB8,235,000.

Trade, bills and other receivables that are denominated in currencies other than the functional currency of the respective group entities are set out below:

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
United States dollar ("US$")	–	1,519	32,079	103,509
Euro ("EUR")	–	1,072	544	–
	–	2,591	32,623	103,509

The Group generally allows a credit period ranging from 1 to 6 months to its customers. The following is an aged analysis of trade receivables, net of impairment loss allowance, presented based on the invoice date at the end of each reporting period.

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	219,461	3,749,813	6,780,039	3,951,692
181 days to one year	2,546	257,790	262,660	3,145,228
Over one year	1,162	12,323	1,271,801	605,876
	223,169	4,019,926	8,314,500	7,702,796

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	228,880	3,756,959	7,724,950	5,901,825
181 days to one year	4,647	257,810	315,490	4,561,646
Over one year	1,162	21,899	1,294,319	723,423
	234,689	4,036,668	9,334,759	11,186,894

The following is a maturity analysis of bills receivables, net of impairment loss allowance, presented based on the remaining dates to maturity of bills receivables at the end of each reporting period.

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	222,804	216,283	836,907	1,021,826

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	222,804	216,283	815,305	1,002,117

23. CONTRACT ASSETS

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of products	44,112	164,355	354,737	546,145
Less: allowance for credit losses	(403)	(3,779)	(24,986)	(29,337)
Total contract assets	43,709	160,576	329,751	516,808
Less: amounts shown under current assets	(43,709)	(155,249)	(269,902)	(326,033)
Amounts shown under non-current assets	–	5,327	59,849	190,775

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of products	44,112	164,355	354,725	545,828
Less: allowance for credit losses	(403)	(3,779)	(24,985)	(29,330)
Total contract assets	43,709	160,576	329,740	516,498
Less: amounts shown under current assets	(43,709)	(155,249)	(269,891)	(325,723)
Amounts shown under non-current assets	–	5,327	59,849	190,775

As at January 1, 2022, the Group and the Company's contract assets amounted to RMB1,202,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in providing services during the warranty period as stipulated in the contract. The contract assets are transferred to trade receivables when the rights become unconditional.

Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

The increase in contract assets is the result of the increase in sales of ESS batteries and energy storage systems during six months ended June 30, 2025.

24. FINANCIAL ASSETS AT FVTPL

The Group and the Company

Financial assets mandatorily measured at FVTPL:

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits *(note)*	–	549,012	–	–
Unlisted investments	–	–	–	10,000
	–	549,012	–	10,000

Note: During the Track Record Period, the Group entered into contracts of financial products with several financial institutions. All investments had maturity date within one year and are classified as financial assets measured at FVTPL. The expected return rates varied from 2.89%-3.53%, 1.75%-2.70%, 1.60%-3.00% and 1.45%-2.58% per annum for the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025, respectively.

25. TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognized in their entirety

As at December 31, 2022, 2023 and 2024 and June 30, 2025, included in the Group's bills receivables being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain bank loans on a full recourse basis. If the bills are not paid on maturity, the suppliers and banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognize the full carrying amount of bills receivables and has recognized the payables from the endorsement of the bills with full recourse. For bills receivables discounted to banks with full recourse, as the Group has not transferred the significant risks and rewards, it continues to recognize the full carrying amount of bills receivables and has recognized the bank and other borrowings for the discounted amounts received.

The Group

	At December 31,						At June 30,	
	2022		2023		2024		2025	
	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of transferred assets	–	199,615	23,028	165,415	95,819	661,088	234,445	520,512
Carrying amount of associated liabilities	–	(199,615)	(22,976)	(165,415)	(95,708)	(661,088)	(233,421)	(520,512)
Net position	–	–	52	–	111	–	1,024	–

The Company

	At December 31,						At June 30,	
	2022		2023		2024		2025	
	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of transferred assets	–	199,615	23,028	165,415	95,819	655,794	231,264	504,968
Carrying amount of associated liabilities	–	(199,615)	(22,976)	(165,415)	(95,708)	(655,794)	(230,251)	(504,968)
Net position	–	–	52	–	111	–	1,013	–

(b) Transferred financial assets that are derecognized in their entirety but have continuing involvement

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group had derecognized bills discounted to banks or endorsed to certain suppliers on a full recourse basis amounting to RMB1,787,828,000, RMB640,020,000, RMB1,804,879,000 and RMB2,210,554,000, respectively. These bills were issued by the Company's customers and guaranteed by reputable banks with high credit ratings, therefore the directors of the Company considered the substantial risks in relation to these bills were interest risk as the credit risk arising from these bills were minimal, and therefore the Group had transferred substantially all the risks of these bills to relevant banks or suppliers. However, if the bills cannot be accepted at maturity, the banks or suppliers have the right to require the Group to pay off the outstanding balance. Therefore, the Group continued its involvement in them.

26. RECEIVABLES AT FVTOCI

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	176,494	65,320	310,826	472,629

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	176,494	65,320	288,841	468,846

The Group's and the Company's receivables at FVTOCI were bills receivables with the following maturity:

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	176,196	64,911	310,576	204,294
181 days to one year	298	409	250	268,335
	176,494	65,320	310,826	472,629

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	
0 to 180 days	176,196	64,911	288,591	201,611
181 days to one year	298	409	250	267,235
	176,494	65,320	288,841	468,846

27. RESTRICTED BANK DEPOSITS/TIME DEPOSITS/CASH AND CASH EQUIVALENTS

The Group's and the Company's restricted bank deposits are deposited to banks for the issue of bank borrowings, bills payables and letters of credit by the Group and the Company and are therefore classified as current assets. Additionally, deposits related to land reclamation are classified as non-current assets due to maturity period exceeding one year. The restricted bank deposits will be released upon the settlement of relevant bank borrowings, bills payables and letters of credit on maturity dates.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the restricted bank deposits mainly represented (i) the issue of bills payables with carrying amount of RMB12,439,000, RMB429,451,000, RMB1,709,367,000 and RMB1,920,352,000, respectively; (ii) the issue of letter of credit with carrying amount of RMB226,744,000, RMB425,013,000, RMB612,241,000 and RMB776,146,000, respectively; (iii) deposit for the land reclamation with carrying amount of RMB5,963,000, RMB6,096,000, RMB6,131,000 and nil, respectively.

As at December 31, 2023 and 2024, the time deposits were with original maturity of 3 years carrying at fixed interest rate of 2.90% per annum. As at June 30, 2025, the time deposits were with original maturity ranging from 6 months to 3 years carrying at fixed interest rates ranging from 0.95% to 2.90% per annum.

Bank balances and restricted bank deposits carried interest at market rates ranging from 0.05% to 1.75%, 0.20% to 1.90%, 0.05% to 1.90% and [0.05]% to [1.90]% per annum as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Bank balances and cash, pledged bank deposits and time deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
US$	957	58,722	241,006	116,222
EUR	–	44	50,820	55,767
	957	58,766	291,826	171,989

28. TRADE, BILLS AND OTHER PAYABLES

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Third parties	1,079,676	2,794,961	5,096,020	5,949,926
Bills payables	344,904	510,766	1,709,050	2,204,939
	1,424,580	3,305,727	6,805,070	8,154,865
Accrued payroll and welfare	90,598	154,335	218,898	155,787
Other taxes payables	59,107	305,634	436,543	172,128
Payables for property and equipment	983,319	2,486,456	1,919,268	1,976,921
Payables for intangible assets	8,092	1,102	4,039	2,770
Transportation fee payables	17,150	73,497	179,304	132,520
Payments received for subscription of restricted shares *(note ii)*	–	–	–	102,000
Other payables *(note i)*	62,194	148,824	262,846	243,227
	1,220,460	3,169,848	3,020,898	2,785,353
	2,645,040	6,475,575	9,825,968	10,940,218

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Third parties	1,055,665	2,598,389	3,559,513	3,626,401
– Subsidiaries	1,355	173,283	3,132,927	5,718,324
Bills payables	332,471	488,484	719,921	1,615,701
	1,389,491	3,260,156	7,412,361	10,960,426
Accrued payroll and welfare	84,115	117,632	148,284	98,225
Other taxes payables	58,262	302,456	21,466	86,152
Payables for property and equipment	700,642	1,432,670	736,220	617,625
Payables for intangible assets	4,773	1,383	3,553	2,730
Transportation fee payables	17,120	72,463	103,927	71,453
Payments received for subscription of restricted shares *(note ii)*	–	–	–	102,000
Other payables *(note i)*	58,230	118,662	219,382	211,048
	923,142	2,045,266	1,232,832	1,189,233
	2,312,633	5,305,422	8,645,193	12,149,659

Notes:

i. Other payables mainly included deposits received in respect of performance guarantee from and certain services and expenses for business purpose to certain vendors/suppliers of the Group.

ii. The amount represented the payments received for subscription of restricted shares from the directors and employees as detailed in Note 36. The Company recorded such payments received as liabilities since the Company is obligated to repurchase the relevant restricted shares from the employees at the original subscription price with interests if the performance targets have not been met once the lock-up period has expired. When the restricted shares are vested, the corresponding liabilities would be transferred to share premium.

Payment terms with suppliers are mainly on credit within 180 days from the time when the goods are received from the suppliers. The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	1,071,098	2,778,090	4,949,229	5,811,135
181 days to one year	8,072	14,191	85,047	134,620
Over one year	506	2,680	61,744	4,171
	1,079,676	2,794,961	5,096,020	5,949,926

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	1,048,572	2,757,093	6,565,810	9,220,627
181 days to one year	7,942	12,268	63,543	120,075
Over one year	506	2,311	63,087	4,023
	1,057,020	2,771,672	6,692,440	9,344,725

Trade, bills and other payables that are denominated in currencies other than the functional currency of the respective group entities are set out below:

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
US$	–	59	2,972	399
EUR	–	2,326	1,807	–
	–	2,385	4,779	399

29. BANK AND OTHER BORROWINGS

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	3,009,847	7,635,909	9,337,420	10,154,993
Bank borrowings under supplier finance arrangements	–	–	82,833	185,031
Other borrowings *(note i)*	94,873	455,238	562,358	630,032
	3,104,720	8,091,147	9,982,611	10,970,056
Analyzed as:				
Secured and guaranteed *(note ii)*	535,800	436,500	–	–
Secured and unguaranteed *(note iii)*	1,424,773	4,664,113	6,504,451	6,538,054
Unsecured and unguaranteed	1,144,147	2,990,534	3,478,160	4,432,002
	3,104,720	8,091,147	9,982,611	10,970,056
Carrying amount repayable as follows:				
– within one year	1,112,430	3,105,333	3,657,588	4,932,032
– more than one year but not more than two years	311,800	618,098	1,193,627	1,001,785
– more than two years but not more than five years	723,500	2,270,748	3,039,773	2,298,186
– more than five years	956,990	2,096,968	2,091,623	2,738,053
	3,104,720	8,091,147	9,982,611	10,970,056
Less: Amount due for settlement within one year and shown under current liabilities	(1,112,430)	(3,105,333)	(3,657,588)	(4,932,032)
Amounts shown under non-current liabilities	1,992,290	4,985,814	6,325,023	6,038,024

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	3,005,137	6,037,995	6,879,003	6,853,512
Bank borrowings under supplier finance arrangements	–	–	82,833	124,640
Other borrowings *(note i)*	94,873	455,238	562,358	630,032
	3,100,010	6,493,233	7,524,194	7,608,184
Analyzed as:				
Secured and guaranteed *(note ii)*	535,800	436,500	–	–
Secured and unguaranteed *(note iii)*	1,424,773	3,076,213	4,106,111	3,882,905
Unsecured and unguaranteed	1,139,437	2,980,520	3,418,083	3,725,279
	3,100,010	6,493,233	7,524,194	7,608,184
Carrying amount repayable as follows:				
– within one year	1,107,720	3,093,344	3,460,646	4,029,019
– more than one year but not more than two years	311,800	535,000	972,783	714,160
– more than two years but not more than five years	723,500	1,731,038	2,133,807	1,647,932
– more than five years	956,990	1,133,851	956,958	1,217,073
	3,100,010	6,493,233	7,524,194	7,608,184
Less: Amount due for settlement within one year and shown under current liabilities	(1,107,720)	(3,093,344)	(3,460,646)	(4,029,019)
Amounts shown under non-current liabilities	1,992,290	3,399,889	4,063,548	3,579,165

Notes:

i. The Group entered into a financing agreement with an independent third party to obtain borrowings at a fixed interest rate of 6% per annum. Such borrowings were secured by the Company's partial interest in a subsidiary. For details, please refer to Note 44.

ii. These loans were secured by the Group's property, plant and equipment and leasehold land, and guaranteed by shareholders of the Company. During the Track Record Period, such guarantees were cancelled and as of June 30, 2025, none of the Group's and the Company's bank and other borrowings were guaranteed by the shareholders of the Company.

iii. Except for the amount shown under "other borrowings", the remaining bank borrowings were secured by the Group's and the Company's property, plant and equipment, leasehold land, bills receivables and the Group's patent rights.

Bank loans under supplier finance arrangements

The Group entered into supplier finance arrangements with banks. Under these arrangements, the banks paid a supplier the amounts owed by the Group in advance of the original due dates. The Group's obligations to the supplier are legally extinguished on settlement by the relevant banks. The Group then settled with the banks between 180-360 days after settlement by the banks with interest rate of 2.6% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. The interest rate was determined by reference to the prevailing market interest rate. Information of the Group's supplier finance arrangements is set out in Note 39.

The exposure of the Group's and the Company's borrowings are as follows:

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings	711,929	2,266,232	2,328,591	3,079,323
Variable-rate borrowings	2,392,791	5,824,915	7,654,020	7,890,733
	3,104,720	8,091,147	9,982,611	10,970,056

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings	711,929	2,256,217	2,318,591	2,622,601
Variable-rate borrowings	2,388,081	4,237,016	5,205,603	4,985,583
	3,100,010	6,493,233	7,524,194	7,608,184

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	Per annum	*Per annum*	*Per annum*	*Per annum*
Effective interest rates:				
Fixed-rate borrowings	3.40%-6.00%	3.20%-6.00%	2.60%-6.00%	1.85%-6.00%
Variable-rate borrowings	3.65%-4.35%	1.14%-4.20%	1.14%-4.10%	2.45%-3.95%

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	Per annum	*Per annum*	*Per annum*	*Per annum*
Effective interest rates:				
Fixed-rate borrowings	3.40%-6.00%	3.20%-6.00%	2.60%-6.00%	2.30%-6.00%
Variable-rate borrowings	3.65%-4.35%	1.14%-4.10%	1.14%-3.95%	2.45%-3.95%

In respect of bank loans with carrying amount of RMB785,700,000, RMB712,800,000, RMB607,500,000 and RMB554,850,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, the Group is required to comply with the following significant financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding – the Company's debt-to-asset ratio does not exceed 95%.

30. PROVISIONS

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analyzed for reporting purposes as:				
Non-current liabilities	44,829	179,316	469,491	556,357
Current liabilities	5,922	35,172	71,394	95,553
	50,751	214,488	540,885	651,910

	Warranty provision
	RMB'000
At January 1, 2022	7,986
Additional provision in the year	52,423
Utilization of provision	(9,658)
At December 31, 2022	50,751
Additional provision in the year	172,963
Utilization of provision	(9,226)
At December 31, 2023	214,488
Additional provision in the year	355,984
Utilization of provision	(29,587)
At December 31, 2024	540,885
Additional provision in the period	134,432
Utilization of provision	(23,407)
At June 30, 2025	651,910

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analyzed for reporting purposes as:				
Non-current liabilities	44,829	173,646	398,784	456,823
Current liabilities	5,922	34,522	68,663	79,212
	50,751	208,168	467,447	536,035

	Warranty provision
	RMB'000
At January 1, 2022	7,986
Additional provision in the year	52,423
Utilization of provision	(9,658)
At December 31, 2022	50,751
Additional provision in the year	166,284
Utilization of provision	(8,867)
At December 31, 2023	208,168
Additional provision in the year	283,816
Utilization of provision	(24,537)
At December 31, 2024	467,447
Additional provision in the period	86,902
Utilization of provision	(18,314)
At June 30, 2025	536,035

The Group makes a provision for product warranty for the sales of ESS batteries and energy storage systems according to the best expected settlement under the sales agreement. The provision amount takes into account the Group's recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. When the future costs and the probability of incurring warranty claims are higher or lower than expected and where events or circumstances that indicating the amount of warranty provision may not be adequate or excessive, such impact will affect the profit and loss in the years in which such estimate has been changed.

31. LEASE LIABILITIES

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	21,422	26,517	48,267	39,866
Within a period of more than one year but not exceeding two years	14,799	17,450	36,764	34,032
Within a period of more than two years but not exceeding five years	6,840	30,345	51,007	44,682
Within a period of more than five years	–	–	–	1,255
	43,061	74,312	136,038	119,835
Less: Amounts due for settlement within 12 months shown under current liabilities	(21,422)	(26,517)	(48,267)	(39,866)
Amounts due for settlement after 12 months shown under non-current liabilities	21,639	47,795	87,771	79,969

The weighted average incremental borrowing rate applied to lease liabilities ranged from 4.30%, 4.20% to 4.30%, 3.98% to 4.30% and 3.64% to 4.30% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively.

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	18,952	11,813	29,784	24,899
Within a period of more than one year but not exceeding two years	12,603	2,533	22,097	17,884
Within a period of more than two years but not exceeding five years	4,363	1,380	35,622	30,952
	35,918	15,726	87,503	73,735
Less: Amounts due for settlement within 12 months shown under current liabilities	(18,952)	(11,813)	(29,784)	(24,899)
Amounts due for settlement after 12 months shown under non-current liabilities	16,966	3,913	57,719	48,836

The weighted average incremental borrowing rate applied to lease liabilities ranged from 4.30%, 4.30%, 3.98% to 4.30% and 3.98% to 4.30% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively.

32. CONTRACT LIABILITIES

The Group

	At January 1,	At December 31,			At June 30,
	2022	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts received in advance	2,957	595,610	100,080	685,490	1,431,482

The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of products	2,957	580,150	96,714	264,048

The Company

	At January 1,	At December 31,			At June 30,
	2022	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts received in advance	2,880	595,609	94,384	284,758	556,586

The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of products	2,880	580,149	94,315	99,102

The Group and the Company normally requires certain customers to pay a percentage of total consideration as advance payment as part of credit risk management policies, which represents the Group's and the Company's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The changes in contract liabilities reflected the market supply and demand dynamics and the expansion of the business scale of the Group throughout the Track Record Period.

Contract liabilities that are expected to be settled within the Group's and the Company's normal operating cycle are classified as current liabilities based on the Group's and the Company's earliest obligation to transfer goods to the customers.

33. FINANCIAL LIABILITIES AT FVTPL

The Group and the Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Puttable shares liabilities	4,911,141	–	–	–
Derivative financial liabilities	–	–	4,511	–
	4,911,141	–	4,511	–

Puttable shares liabilities

From November 2020 to May 2021, the Company entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB683,000,000 for subscription of the Company's paid-in capital of RMB30,356,000 (the "Series A Shares"). The Company had received all investment funds for Series A Shares by June 2021.

In December 2021, the Company had entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB740,000,000 for subscription of the Company's paid-in capital of RMB16,077,000 (the "Series A+ Shares"). The Company had received all investment funds for Series A+ Shares by January 2022.

In September 2022, the Company had entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB2,000,999,000 for subscription of 20,335,360 shares of the Company (the "Series B Shares"). The Company had received all investment funds for Series B Shares by October 2022.

During the year ended December 31, 2023, the investors of Series A Shares, Series A+ Shares, and Series B Shares were granted capitalization issue shares of 40 shares for each 10 shares they held. Details are set out in Note 35.

In June 2023, the Company had entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB4,574,917,000 for subscription of 158,082,813 shares of the Company (the "Series C Shares"). The Company had received all investment funds for Series C Shares by June 2023.

During the year ended December 31, 2023, the obligations of the Company arising from the redemption rights and liquidation preferences attached to the Series A Shares, Series A+ Shares, Series B Shares, and Series C Shares (together as the "Investors' Shares") were terminated.

The key terms of the Investors' Shares prior to the termination of the obligations of the Company arising from the redemption rights and liquidation preferences are summarized as follows:

Voting rights

The holders of Investors' Shares shall carry such number of votes as is equal to the number of votes of ordinary shares of the Company.

Redemption rights

Upon the occurrence of certain events as stipulated in the relevant investment agreements, any holder of the ordinary shares with preferential rights may require the Company and the controlling shareholder to redeem any or all of the outstanding shares held by such holders at the redemption price which represent the investment amount, plus an interest at an annual rate of 10% calculating from the issuance date, plus any dividend declared but not collected by such holder.

Liquidation preferences

In the event of any liquidation including but not limited to insolvency liquidation, dissolving liquidation and deemed liquidation (as stipulated in the relevant investment agreements) (together, the "Liquidation Event"), the holders of Investors' Shares shall be entitled to receive the amount equal to the higher of (i) the original investment amount with interest at an annual interest rate of 10% calculating from the issuance date of the respective Investors' Shares (total interest is subject to a maximum limit of 120% of the original investment amount), plus declared but undistributed dividends, if any; and (ii) the net assets of the Group corresponding to its shareholding ratio, and limited by the Group's net assets.

Presentation and classification

The movements of the puttable shares liabilities are set out below:

	Series A Shares	Series A+ Shares	Series B Shares	Series C Shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	879,681	50,000	–	–	929,681
Issuance of Series A+ Shares	–	690,000	–	–	690,000
Issuance of Series B Shares	–	–	2,000,999	–	2,000,999
Fair value changes	939,352	351,109	–	–	1,290,461
At December 31, 2022	1,819,033	1,091,109	2,000,999	–	4,911,141
Issuance of Series C Shares	–	–	–	4,574,917	4,574,917
Fair value changes	1,414,277	675,531	513,004	–	2,602,812
Impact of distinguishment between liability and equity in profit or loss *(note i)*	222,905	63,872	(198,665)	(975,126)	(887,014)
Derecognition of puttable shares liabilities *(note ii)*	(3,456,215)	(1,830,512)	(2,315,338)	(3,599,791)	(11,201,856)
At December 31, 2023 and 2024 and June 30, 2025	–	–	–	–	–

Notes:

i. The amounts represented the differences in the fair value of the puttable shares liabilities immediately before the termination of the obligations arising from the redemption rights and liquidation preferences, and when they were derecognized and credited to equity.

ii. Upon the termination of the obligations of the Company arising from the redemption rights and liquidation preferences attached to the Investors' Shares during the year ended December 31, 2023, puttable shares liabilities were derecognized and credited to equity.

As at December 31, 2022, the Investors' Shares issued to investors were classified as financial liabilities at FVTPL (current liabilities), as not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in "other gains and losses" in the consolidated statements of profit or loss and other comprehensive income. The directors of the Company considered that the changes in the fair value of the Investors' Shares attributable to the change in credit risk of the Group is minimal.

The Group applied back-solve method from recent transaction price to determine the underlying equity value of the Group and adopted a Option Pricing Model ("OPM") to determine the fair value of the Investors' Shares as of the dates of issuance and at the end of each reporting period with reference to valuation reports carried out by Avista Valuation Advisory Limited with registered address of Suites 2401-06, 24/F, Everbright Centre, No.108 Gloucester Road, Wan Chai, Hong Kong, independent valuer not connected with the Group.

In addition to the underlying share value of the Group determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value are as follows:

	As at December 31,
	2022
Risk-free interest rate	2.42%
Expected volatility	63.77%
Possibilities under conversion scenario	45.00%
Possibilities under liquidation scenario	27.50%
Possibilities under redemption scenario	27.50%

Derivative financial liabilities

During the year ended December 31, 2024, the Group entered into foreign currency forward contracts to manage the Group's currency risk. The Group did not elect to adopt hedge accounting for the contracts and therefore, the fair value loss from the contracts was recognized in "other gains and losses" in the consolidated statements of profit or loss and other comprehensive income.

34. DEFERRED INCOME

The Group

	Assets related	Income related	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2022	–	–	–
Government grants received	300,000	–	300,000
Credited to profit or loss *(Note 6)*	(4,045)	–	(4,045)
At December 31, 2022	295,955	–	295,955
Government grants received	765,358	8,647	774,005
Credited to profit or loss *(Note 6)*	(53,141)	–	(53,141)
At December 31, 2023	1,008,172	8,647	1,016,819
Government grants received	718,076	15,696	733,772
Credited to profit or loss *(Note 6)*	(99,034)	(282)	(99,316)
At December 31, 2024	1,627,214	24,061	1,651,275
Government grants received	209,824	2,559	212,383
Credited to profit or loss *(Note 6)*	(70,515)	–	(70,515)
At June 30, 2025	1,766,523	26,620	1,793,143

The Company

	Assets related	Income related	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2022	–	–	–
Government grants received	285,000	–	285,000
Credited to profit or loss	(3,854)	–	(3,854)
At December 31, 2022	281,146	–	281,146
Government grants received	375,000	8,645	383,645
Credited to profit or loss	(45,606)	–	(45,606)
At December 31, 2023	610,540	8,645	619,185
Government grants received	346,918	15,696	362,614
Credited to profit or loss	(62,223)	(280)	(62,503)
At December 31, 2024	895,235	24,061	919,296
Government grants received	172,483	2,558	175,041
Credited to profit or loss	(45,952)	–	(45,952)
At June 30, 2025	1,021,766	26,619	1,048,385

35. SHARE CAPITAL

All shares issued by the Company are fully paid domestic shares. The par value is RMB1. The Company's number of shares issued and their nominal value are as follows:

	Number of shares	Authorized share capital
		RMB'000
Authorized:		
At January 1, 2022	–	–
Effect of converting the Company into a joint stock company *(note i)*	146,432,740	146,433
Issue of new shares	26,335,360	26,335
At December 31, 2022	172,768,100	172,768
Capitalization issue *(note ii)*	691,072,400	691,072
Issue of new shares	158,082,813	158,083
At December 31, 2023 and 2024	1,021,923,313	1,021,923
Issue of new shares *(note iii)*	72,821,843	72,822
At June 30, 2025	1,094,745,156	1,094,745

	Number of shares	Share capital
		RMB'000
Registered and fully paid:		
At January 1, 2022	131,441,850	131,442
Issue of new shares	35,326,250	35,326
At December 31, 2022	166,768,100	166,768
Issue of new shares	855,155,213	855,155
At December 31, 2023 and 2024	1,021,923,313	1,021,923
Issue of new shares	72,821,843	72,822
At June 30, 2025	1,094,745,156	1,094,745

Notes:

i. On August 16, 2022, the Company was converted into a joint stock company with limited liability and the registered share capital was further increased to RMB146,433,000.

ii. In accordance with the resolution passed at the 2023 extraordinary general meeting, a capitalization issue to ordinary shareholders was made out of the capital and other reserves of 40 shares for every 10 shares held at the par value of RMB1 for each share. This issuance increased the total shares by 691,072,400 shares, resulting in share capital increased while capital and other reserves decreased by RMB691,072,000, correspondingly.

iii. In accordance with the resolution passed at the 2025 extraordinary general meeting, 47,321,843 shares of the Company with par value of RMB1 for each share were issued to 68 investors by way of capitalization from capital and other reserves. This issuance increased the total shares by 47,321,843 shares, resulting in share capital increased while capital and other reserves decreased by RMB47,322,000, correspondingly. Meanwhile. 25,500,000 shares of the Company were issued at the consideration of RMB102,000,000 under the share incentive schemes with details set out in Note 36.

36. SHARE-BASED PAYMENT TRANSACTIONS

The Company's [**REDACTED**] share incentive scheme (the "[**REDACTED**] Share Incentive Scheme") was adopted for the primary purpose of recognizing the contributions of certain eligible employees, senior management and directors of the Company (the "eligible grantees"). Under this scheme, the eligible grantees can subscribe for partnership interest of the employee shareholding platforms (the "ESOP Platforms") established solely for the implementation of the scheme.

In November 2020, in adopting the [**REDACTED**] Share Incentive Scheme, two ESOP Platforms, namely Xiamen Hithium Chuangxiang Investment Partnership Enterprise (Limited Partnership) ("Chuangxiang")* (廈門海辰創享投資合夥企業(有限合夥)) and Xiamen Hithium Zhicheng Investment Partnership Enterprise (Limited Partnership) ("Zhicheng")* (廈門海辰致誠投資合夥企業(有限合夥)) were established. Each of the ESOP Platforms was issued 10,000,000* shares of the Company at the consideration of RMB10,000,000.

In April 2022, in adopting the [**REDACTED**] Share Incentive Scheme, an ESOP Platform, namely Xiamen Hithium Chuangxiang No. 1 Investment Partnership Enterprise (Limited Partnership) ("Chuangxiang No. 1")* (廈門海辰創享一號投資合夥企業(有限合夥)), was established to acquire 2,500,000* shares of the Company from Chuangxiang. Meanwhile, three ESOP Platforms, namely Xiamen Hithium Zhicheng No. 1 Investment Partnership Enterprise (Limited Partnership) ("Zhicheng No. 1")* (廈門海辰致誠一號投資合夥企業(有限合夥)), Xiamen Hithium Zhicheng No. 2 Investment Partnership Enterprise (Limited Partnership) ("Zhicheng No. 2")* (廈門海辰致誠二號投資合夥企業(有限合夥)) and Xiamen Hithium Zhicheng No. 3 Investment Partnership Enterprise (Limited Partnership) ("Zhicheng No. 3")* (廈門海辰致誠三號投資合夥企業(有限合夥)) were established to acquire 2,000,000*, 1,600,000* and 1,500,000* shares of the Company from Zhicheng.

1st batch of [REDACTED] Share Incentive Scheme

In May 2022, a total number of 9,960,000* shares of the Company were approved by the board of the Company and granted to eligible grantees through Chuangxiang No. 1, Zhicheng No. 1, Zhicheng No. 2 and Zhicheng No. 3. Except for 500,000* shares granted with vesting period, other shares were granted with no vesting conditions.

* Before the effect of capitalization issue

Set out below are details of the movements of the outstanding shares granted under the 1st batch of [**REDACTED**] Share Incentive Scheme during the Track Record Period:

Batch	Outstanding as at January 1, 2022	Granted	Vested	Forfeited	Outstanding as at December 31, 2022	Fair value per share at the date of grant
May 2022	–	9,960,000	(9,460,000)	–	500,000	RMB46.03
Weighted average fair value per share (RMB)	–	46.03	46.03	–	46.03	

Batch	Outstanding as at January 1, 2023	Vested	Forfeited	Effect of Capitalization Issue *(note)*	Outstanding as at December 31, 2023	Fair value per share at the date of grant *(note)*
May 2022	500,000	–	–	2,000,000	2,500,000	RMB9.21
Weighted average fair value per share (RMB) *(note)*	9.21	–	–	9.21	9.21	

Batch	Outstanding as at January 1, 2024	Vested	Forfeited	Outstanding as at December 31, 2024	Fair value per share at the date of grant *(note)*
May 2022	2,500,000	–	–	2,500,000	RMB9.21
Weighted average fair value per share (RMB) *(note)*	9.21	–	–	9.21	

Batch	Outstanding as at January 1, 2025	Vested	Forfeited	Outstanding as at June 30, 2025	Fair value per share at the date of grant *(note)*
May 2022	2,500,000	(2,500,000)	–	–	RMB9.21
Weighted average fair value per share (RMB) *(note)*	9.21	9.21	–	–	

Note: The number of outstanding unvested shares and the fair value per share at the date of grant were adjusted by the capitalization issue in May 2023, with details set out in Note 35.

For the shares granted under 1st batch of [**REDACTED**] Share Incentive Scheme, the Group applied the discounted cash flow method under the income approach to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the shares granted. Cash flow projections based on financial forecasts approved by management covering a five-year period as appropriate and a discount rate of 15%. Cash flow beyond that five-year period has been extrapolated using a steady 2% growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates. Such results were cross checked with the market approach, which incorporates certain assumptions, including the market performance of comparable listed companies, as well as the financial results and growth trends of the Company, to derive the total equity of the Group.

The fair value has been arrived at based on a valuation carried out by Avista Valuation Advisory Limited with registered address of Suites 2401-06, 24/F, Everbright Centre, No. 108 Gloucester Road, Wan Chai, Hong Kong, independent valuer not connected with the Group.

The Group recognized total expense of approximately RMB373,101,000, RMB12,007,000 and RMB6,937,000, RMB3,188,000 (unaudited), and RMB1,601,000 for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 in relation to the shares granted by the Company under the 1st batch of [**REDACTED**] Share Incentive Scheme.

2nd batch of [REDACTED] Share Incentive Scheme

In August 2022, in adopting the [**REDACTED**] Share Incentive Scheme, six ESOP Platforms, namely Xiamen Hithium Haichuang No. 1 Investment Partnership Enterprise (Limited Partnership) ("Haichuang No. 1")* (廈門海辰海創一號投資合夥企業(有限合夥)), Xiamen Hithium Haichuang No. 2 Investment Partnership Enterprise (Limited Partnership) ("Haichuang No. 2")* (廈門海辰海創二號投資合夥企業(有限合夥)), Xiamen Hithium Haichuang No. 3 Investment Partnership Enterprise (Limited Partnership) ("Haichuang No. 3")* (廈門海辰海創三號投資合夥企業(有限合夥)), Xiamen Hithium Haichuang No. 4 Investment Partnership Enterprise (Limited Partnership) ("Haichuang No. 4")* (廈門海辰海創四號投資合夥企業(有限合夥)), Xiamen Hithium Haichuang No. 5 Investment Partnership Enterprise (Limited Partnership) ("Haichuang No. 5")* (廈門海辰海創五號投資合夥企業(有限合夥)) and Xiamen Hithium Haichuang No. 6 Investment Partnership Enterprise (Limited Partnership) ("Haichuang No. 6")* (廈門海辰海創六號投資合夥企業(有限合夥)) were established. Such ESOP Platforms were issued 6,000,000* shares of the Company at the consideration of RMB120,000,000.

In August 2022, a total number of 3,778,000* shares of the Company were approved by the board of the Company and granted to eligible grantees through Haichuang No. 1, Haichuang No. 2, Haichuang No. 3, Haichuang No. 4, Haichuang No. 5 and Haichuang No. 6. Each share granted under the 2nd batch of [**REDACTED**] Share Incentive Scheme can only be vested after the respective vesting period as stipulated in the scheme.

In September 2022, 110,000 shares were approved by the board of the Company and granted to eligible grantees through Zhicheng and Zhicheng No. 2, respectively, with no vesting period.

Set out below are details of the movements of the outstanding shares granted under the 2nd batch of [**REDACTED**] Share Incentive Scheme during the Track Record Period:

Batch	Outstanding as at January 1, 2022	Granted	Vested	Forfeited	Outstanding as at December 31, 2022	Fair value per share at the date of grant
August 2022	–	3,778,000	–	(100,000)	3,678,000	RMB57.42
September 2022	–	110,000	(110,000)	–	–	RMB57.42
	–	3,888,000	(110,000)	(100,000)	3,678,000	
Weighted average fair value per share (RMB)	–	57.42	57.42	57.42	57.42	

Batch	Outstanding as at January 1, 2023	Vested	Forfeited	Effect of Capitalization Issue *(note)*	Outstanding as at December 31, 2023	Fair value per share at the date of grant *(note)*
August 2022	3,678,000	–	(438,000)	12,960,000	16,200,000	RMB11.48
Weighted average fair value per share (RMB) *(note)*	11.48	–	11.48	11.48	11.48	

Batch	Outstanding as at January 1, 2024	Vested	Forfeited	Outstanding as at December 31, 2024	Fair value per share at the date of grant *(note)*
August 2022	16,200,000	–	(1,920,000)	14,280,000	RMB11.48
Weighted average fair value per share (RMB) *(note)*	11.48	–	11.48	11.48	

Batch	Outstanding as at January 1, 2025	Vested	Forfeited	Outstanding as at June 30, 2025	Fair value per share at the date of grant *(note)*
August 2022	14,280,000	–	(735,000)	13,545,000	RMB11.48
Weighted average fair value per share (RMB) *(note)*	11.48	–	11.48	11.48	

Note: The number of outstanding unvested shares and the fair value per share at the date of grant were adjusted by the capitalization issue in May 2023, details of which were set out in Note 35.

For the shares granted in August and September 2022 under 2nd batch of [**REDACTED**] Share Incentive Scheme, the Group applied the back-solve method from recent transaction price to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the shares granted. Such results were cross checked with the market approach, which incorporates certain assumptions, including the market performance of comparable listed companies, as well as the financial results and growth trends of the Company, to derive the total equity of the Group. The fair value has been arrived at based on a valuation carried out by Avista Valuation Advisory Limited with registered address of Suites 2401-06, 24/F, Everbright Centre, No. 108 Gloucester Road, Wan Chai, Hong Kong, independent valuer not connected with the Group.

In March 2025, in adopting the [**REDACTED**] Share Incentive Scheme, three ESOP Platforms, namely Xiamen Hithium Haichuang No. 101 Investment Partnership (Limited Partnership) ("Haichuang No. 101")* (廈門海辰海創第一零一號投資合夥企業(有限合夥)), Xiamen Hithium Haichuang No. 501 Investment Partnership (Limited Partnership) ("Haichuang No. 501")* (廈門海辰海創第五零一號投資合夥企業(有限合夥)), and Xiamen Hithium Haichuang No. 601 Investment Partnership (Limited Partnership) ("Haichuang No. 601")* (廈門海辰海創第六零一號投資合夥企業(有限合夥)) were established to acquire 3,000,000, 3,500,000 and 4,503,000 shares from Haichuang No. 1, Haichuang No. 5 and Haichuang No. 6. Meanwhile, a total number of 5,452,000 shares of the Company, which were granted in previous batches and forfeited, were approved by the board of the Company and granted to eligible grantees through Haichuang No. 2, Haichuang No. 3, Haichuang No. 4, Haichuang No. 5 and Haichuang No. 6. Each share granted under the 2nd batch of [**REDACTED**] Share Incentive Scheme can only be vested after the respective vesting period as stipulated in the scheme.

Set out below are details of the movements of the outstanding shares granted under the 2nd batch of [**REDACTED**] Share Incentive Scheme during the six months ended June 30, 2025:

Batch	Outstanding as at January 1, 2025	Granted	Vested	Forfeited	Outstanding as at June 30, 2025	Fair value per share at the date of grant *(note)*
March 2025	–	16,455,000	–	(75,000)	16,380,000	RMB22.54
Weighted average fair value per share (RMB)	–	22.54	–	22.54	22.54	

For the shares granted in March 2025 under 2nd batch of [**REDACTED**] Share Incentive Scheme, the Group applied the discounted cash flow method under income approach to determine the underlying equity value of the Company. The fair value has been arrived at based on a valuation carried out by Avista Valuation Advisory Limited with registered address of Suites 2401-06, 24/F, Everbright Centre, No.108 Gloucester Road, Wan Chai, Hong Kong, independent valuer not connected with the Group.

The Group recognized total expense of approximately RMB8,710,000, RMB21,982,000 and RMB16,654,000, RMB10,077,000 (unaudited) and RMB24,521,000 for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30,2024 and 2025 in relation to the shares granted by the Company under the 2nd batch of [**REDACTED**] Share Incentive Scheme.

3rd batch of [REDACTED] Share Incentive Scheme

In March 2025, in adopting the [**REDACTED**] Share Incentive Scheme, a ESOP Platform, namely Xiamen Hithium Haichuang No. 7 Investment Partnership Enterprise (Limited Partnership) ("Haichuang No. 7")* (廈門海辰海創七號投資合夥企業(有限合夥)) was established. Such ESOP Platform was issued 25,500,000 shares of the Company at the consideration of RMB102,000,000. Meanwhile, a total number of 25,500,000 shares of the Company were approved by the board of the Company and granted to eligible grantees. Each share granted under the 3rd batch of [**REDACTED**] Share Incentive Scheme can only be vested if the grantees satisfied the performance conditions as well as the service conditions as stipulated in the scheme.

Set out below are details of the movements of the outstanding shares granted under the 3rd batch of [**REDACTED**] Share Incentive Scheme during the six months ended June 30, 2025:

Batch	Outstanding as at January 1, 2025	Granted	Vested	Forfeited	Outstanding as at June 30, 2025	Fair value per share at the date of grant
March 2025	–	25,500,000	–	(302,000)	25,198,000	RMB22.54
Weighted average fair value per share (RMB)	–	22.54	–	22.54	22.54	

For the shares granted under 3rd batch of [**REDACTED**] Share Incentive Scheme, the Group applied the discounted cash flow method under income approach to determine the underlying equity value of the Company. The fair value has been arrived at based on a valuation carried out by Avista Valuation Advisory Limited with registered address of Suites 2401-06, 24/F, Everbright Centre, No.108 Gloucester Road, Wan Chai, Hong Kong, independent valuer not connected with the Group.

The Group did not recognized expense for the six months ended June 30, 2025 in relation to the shares granted by the Company under the 3rd batch of [**REDACTED**] Share Incentive Scheme as the directors of the Company is of the view that the probability of fulfillment of the vesting conditions has not yet become probable as of June 30, 2025.

* English name is for identification purpose

The Company recorded the payments received for subscription of 3rd batch restricted shares from the directors and employees as liabilities as detailed in Note 28, since the Company is obligated to repurchase the relevant restricted shares from the employees at the original subscription price with interests if the performance targets have not been met once the lock-up period has expired. When the restricted shares are vested, the corresponding liabilities would be transferred to share premium.

37. PLEDGE OF ASSETS

At the end of each reporting period, the following assets have been pledged to various banks for obtaining letter of credit and securing of the Group's banking facilities or the issue of bills payables. Details of the pledged assets and corresponding carrying amounts, save as certain equity interest in a subsidiary disclosed in Note 44, are set out below:

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	1,676,794	2,457,425	2,937,612	2,682,460
Right-of-use assets	75,570	338,145	343,460	328,218
Bills receivables	–	23,028	95,819	234,445
Restricted bank deposits	245,146	860,560	2,327,739	2,696,498
	1,997,510	3,679,158	5,704,630	5,941,621

38. CAPITAL COMMITMENTS

The Group had capital commitments for equipment purchase and building construction and equity investments under non-cancellable contracts as follows:

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for:				
– property, plant and equipment	1,269,136	1,052,905	1,016,005	1,703,671
– equity investment	211,220	179,110	381,523	394,481
	1,480,356	1,232,015	1,397,528	2,098,152

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank and other borrowings	Lease liabilities	Financial liabilities at FVTPL	Accrued issue cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	811,756	25,327	929,681	–	1,766,764
Financing cash flows	2,221,085	(16,927)	2,690,999	–	4,895,157
Non-cash changes					
Interest expenses	71,879	1,391	–	–	73,270
Fair value changes	–	–	1,290,461	–	1,290,461
Addition of leases	–	33,270	–	–	33,270
At December 31, 2022	3,104,720	43,061	4,911,141	–	8,058,922
Financing cash flows	4,720,001	(42,006)	4,574,917	–	9,252,912
Non-cash changes					
Interest expenses	243,450	3,212	–	–	246,662
Fair value changes	–	–	1,715,798	–	1,715,798
Conversion into equity *(Note 33)*	–	–	(11,201,856)	–	(11,201,856)
Addition of leases	–	70,045	–	–	70,045
Increase of bills receivables discounted	22,976	–	–	–	22,976
At December 31, 2023	8,091,147	74,312	–	–	8,165,459
Financing cash flows	1,474,589	(39,092)	–	(2,828)	1,432,669
Non-cash changes					
Interest expenses	342,238	3,559	–	–	345,797
Addition of leases	–	97,259	–	–	97,259
Deferred issue cost	–	–	–	2,828	2,828
Increase of bills receivables discounted	74,637	–	–	–	74,637
At December 31, 2024	9,982,611	136,038	–	–	10,118,649
Financing cash flows	754,628	(27,054)	–	(6,500)	721,074
Non-cash changes					
Interest expenses	191,176	3,528	–	–	194,704
Addition of leases	–	7,323	–	–	7,323
Deferred issue cost	–	–	–	6,500	6,500
Increase of bills receivables discounted	41,641	–	–	–	41,641
At June 30, 2025	10,970,056	119,835	–	–	11,089,891
At December 31, 2023	8,091,147	74,312	–	–	8,165,459
Financing cash flows	925,531	(18,610)	–	–	906,921
Non-cash changes					
Interest expenses	169,044	1,616	–	–	170,660
Addition of leases	–	29,306	–	–	29,306
Decrease of bills receivables discounted	(29,757)	–	–	–	(29,757)
At June 30, 2024 (unaudited)	9,155,965	86,624	–	–	9,242,589

(b) Information of supplier finance arrangements

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of the financial liabilities that are subject to supplier finance arrangement:				
Presented as part of "Bank and other borrowings" *(Note 29)*	–	–	82,833	185,031
– Of which suppliers have already received payment from the finance provider	–	–	82,833	185,031
Range of payment due dates				
For liabilities presented as part of "Bank and other borrowings":				
– Liabilities that are part of supplier finance arrangements	N/A	N/A	180 to 360 days	180 to 360 days
– Comparable trade payables that are not part of supplier finance arrangements	N/A	N/A	Within 30 days	Within 30 days

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of utilities and subsequent cash settlements. During the year ended December 31, 2024 and the six months ended June 30, 2025, borrowings under supplier finance arrangement of RMB82,833,000 and RMB141,579,000, respectively, represent the payments to the suppliers by the relevant banks directly. There were no other material non-cash changes in these liabilities.

40. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the mainland China, the employees of the Group based in the mainland China participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the mainland China under which the Group and the relevant employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired mainland-China-based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans are recognized as employee benefit charged to profit or loss and capitalized where applicable.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB14,203,000, RMB46,201,000, RMB59,018,000, RMB29,203,000 (unaudited) and RMB34,225,000 for the year ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt, which includes bank and other borrowings and lease liabilities disclosed in Notes 29 and 31, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the issue of new shares, new debts or the redemption of existing debts.

42. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortized cost	2,952,765	10,730,799	16,149,567	15,765,727
Financial assets at FVTPL	–	549,012	–	10,000
Equity instrument at FVTOCI	100	206	206	206
Receivables at FVTOCI	176,494	65,320	310,826	472,629
	3,129,359	11,345,337	16,460,599	16,248,562
Financial liabilities				
Financial liabilities at amortized cost	5,600,055	14,106,753	19,153,138	21,582,359
Financial liabilities at FVTPL	4,911,141	–	4,511	–
	10,511,196	14,106,753	19,157,649	21,582,359

The Company

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at Amortized cost	3,190,689	10,330,513	15,376,334	17,690,599
Financial assets at FVTPL	–	549,012	–	10,000
Receivables at FVTOCI	176,494	65,320	288,841	468,846
	3,367,183	10,944,845	15,665,175	18,169,445
Financial liabilities				
Financial liabilities at amortized cost	5,270,266	11,378,567	15,999,637	19,573,466
Financial liabilities at FVTPL	4,911,141	–	4,511	–
	10,181,407	11,378,567	16,004,148	19,573,466

Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, financial assets at FVTPL, equity instrument at FVTOCI, receivables at FVTOCI, restricted bank deposits, time deposits, cash and cash equivalents, trade, bills and other payables, bank and other borrowings and financial liabilities at FVTPL. The Company's major financial instruments include those aforementioned as well as amounts due from/to subsidiaries. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk and interest rate risk. There had been no change in the Group's exposure to these risks or the manner in which it managed and measured the risks during the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025.

(i) Currency risk

Several subsidiaries of the Company have foreign currency transactions, including sales and purchase, which expose the Group to foreign currency risk. Certain of the Group's bank balances, trade and other receivables and trade and other payables are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The carrying amounts of relevant group entities' foreign currency denominated monetary assets and liabilities other than their functional currency are disclosed in the respective notes.

The Group mainly exposes to foreign currency of US$ and EUR. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as at December 31, 2022, 2023 and 2024 and June 30, 2025 are as follows:

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
US$	957	60,241	273,085	219,731
EUR	–	1,116	51,364	55,767
Liabilities				
US$	–	59	2,972	399
EUR	–	2,326	1,807	–

During the Track Record Period, the Group had entered into several foreign currency forward contracts to manage its currency risks. The management of the Group will monitor the foreign exchange exposure and consider applying hedge accounting to significant foreign exchange exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies for each of the three years ended December 31, 2024 and the six months ended June 30, 2025 in the Track Record Period. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. A negative number below indicates a decrease in post-tax profit where RMB strengthens 5% against US$ and EUR, while a positive number indicates an increase in post-tax profit where RMB strengthens 5% against US$ and EUR. For a 5% weakening of US$ and EUR for each of the three years ended December 31, 2024 and the six months ended June 30, 2025 in the Track Record Period against the relevant currency, there would be an equal and opposite impact on the profit and other comprehensive income.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Impact on profit or loss:				
US$	(41)	(2,558)	(12,359)	(9,322)
EUR	–	51	(2,267)	(2,370)

(ii) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to fixed-rate cash and cash equivalents, bank and other borrowings and lease liabilities, (details are set out in Notes 27, 29 and 31, respectively). The Group is also exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents and bank and other borrowings (details are set out in Notes 27 and 29, respectively). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

The Group currently does not have formal interest rate hedging policies. The management of the Group monitors the Group's exposures on an on-going basis and will consider hedging interest rate risk should the need arises.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year/period. A 100 basis point increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points lower/higher and all other variables were held constant, the Group's and the Company's post-tax profit for the year/period would increase/(decrease) by the following magnitude:

The Group

	Year ended December 31,			Six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Increase/(decrease) in profit for the year/period ended	20,339	49,512	65,059	28,321	33,536

The Company

	Year ended December 31,			Six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Increase/(decrease) in profit for the year/period ended	20,299	36,015	44,248	19,976	21,189

Credit risk and impairment assessment

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognized financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade, bills and other receivables, receivables at FVTOCI, time deposits, restricted bank deposits and bank balances.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The restricted bank deposits, bank balances, bills receivables and receivables at FVTOCI are determined to have low credit risk at the end of each reporting period. The credit risk on restricted bank deposits, bank balances, bills receivables and receivables at FVTOCI is limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

In addition to the credit risk limit management and other mitigation measures as described above, the Group monitors all financial assets, that are subjected to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the impairment loss allowance based on lifetime ECL rather than 12m ECL.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In order to minimize credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk gradings to categorize exposures according to their degree of risk of default.

Other receivables

For other receivables, the Group has applied the general approach in IFRS 9 to measure the impairment loss allowance at 12m ECL, since the directors of the Company assessed that there has not been any significant increase in credit risk.

In determining the ECL, the management of the Group has taken into account the historical credit loss experience based on the past default experience of the counterparty, general economic conditions of the industry in which the counterparty operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table shows the Group's credit risk grading framework in respect of financial assets and contract assets:

Categories	Description	Trade receivables/ contract assets	Other financial assets
Stage 1	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired	Lifetime ECL – not credit-impaired	12m ECL
Stage 2	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Stage 3	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

The tables below detail the credit risk exposures of the Group's and the Company's financial assets and contract assets which are subjected to ECL assessment:

The Group

December 31, 2022	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	224,946
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	44,112
Bills receivables	*22*	Stage 1	12m ECL	222,804
Other receivables	*22*	Stage 1	12m ECL	10,914
Receivables at FVTOCI	*26*	Stage 1	12m ECL	176,494
Restricted bank deposits	*27*	Stage 1	12m ECL	245,146
Cash and cash equivalents	*27*	Stage 1	12m ECL	2,252,487

December 31, 2023	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	3,988,190
		Stage 2	Lifetime ECL	178,820
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	151,682
		Stage 2	Lifetime ECL	12,673
Bills receivables	*22*	Stage 1	12m ECL	216,283
Other receivables	*22*	Stage 1	12m ECL	30,964
Receivables at FVTOCI	*26*	Stage 1	12m ECL	65,320
Restricted bank deposits	*27*	Stage 1	12m ECL	860,560
Cash and cash equivalents	*27*	Stage 1	12m ECL	5,284,501
Time deposits	*27*	Stage 1	12m ECL	323,712

December 31, 2024	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	7,102,053
		Stage 2	Lifetime ECL	1,873,753
		Stage 3	Lifetime ECL	51
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	308,863
		Stage 2	Lifetime ECL	45,874
Bills receivables	*22*	Stage 1	12m ECL	836,907
Other receivables	*22*	Stage 1	12m ECL	46,687
Receivables at FVTOCI	*26*	Stage 1	12m ECL	310,826
Restricted bank deposits	*27*	Stage 1	12m ECL	2,327,739
Cash and cash equivalents	*27*	Stage 1	12m ECL	4,293,783
Time deposits	*27*	Stage 1	12m ECL	332,992

June 30, 2025	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	6,915,708
		Stage 2	Lifetime ECL	1,470,293
		Stage 3	Lifetime ECL	51
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	510,910
		Stage 2	Lifetime ECL	35,235
Bills receivables	*22*	Stage 1	12m ECL	1,021,826
Other receivables	*22*	Stage 1	12m ECL	55,767
Receivables at FVTOCI	*26*	Stage 1	12m ECL	472,629
Restricted bank deposits	*27*	Stage 1	12m ECL	2,696,498
Cash and cash equivalents	*27*	Stage 1	12m ECL	3,905,312
Time deposits	*27*	Stage 1	12m ECL	387,331

The Company

December 31, 2022	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	236,458
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	44,112
Bills receivables	*22*	Stage 1	12m ECL	222,804
Other receivables	*22*	Stage 1	12m ECL	10,535
Receivables at FVTOCI	*26*	Stage 1	12m ECL	176,494
Restricted bank deposits	*27*	Stage 1	12m ECL	232,706
Cash and cash equivalents	*27*	Stage 1	12m ECL	2,225,301

December 31, 2023	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	3,991,747
		Stage 2	Lifetime ECL	178,820
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	151,682
		Stage 2	Lifetime ECL	12,673
Bills receivables	*22*	Stage 1	12m ECL	216,283
Other receivables	*22*	Stage 1	12m ECL	25,390
Receivables at FVTOCI	*26*	Stage 1	12m ECL	65,320
Restricted bank deposits	*27*	Stage 1	12m ECL	838,278
Cash and cash equivalents	*27*	Stage 1	12m ECL	4,370,591
Time deposits	*27*	Stage 1	12m ECL	323,712

December 31, 2024	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	8,278,051
		Stage 2	Lifetime ECL	1,578,022
		Stage 3	Lifetime ECL	51
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	308,851
		Stage 2	Lifetime ECL	45,874
Bills receivables	*22*	Stage 1	12m ECL	815,305
Other receivables	*22*	Stage 1	12m ECL	19,081
Receivables at FVTOCI	*26*	Stage 1	12m ECL	288,841
Restricted bank deposits	*27*	Stage 1	12m ECL	1,336,500
Cash and cash equivalents	*27*	Stage 1	12m ECL	2,813,354
Time deposits	*27*	Stage 1	12m ECL	332,992

June 30, 2025	*Notes*	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables *(note)*	*22*	Stage 1	Lifetime ECL	10,405,080
		Stage 2	Lifetime ECL	1,312,709
		Stage 3	Lifetime ECL	51
Contract assets *(note)*	*23*	Stage 1	Lifetime ECL	510,593
		Stage 2	Lifetime ECL	35,235
Bills receivables	*22*	Stage 1	12m ECL	1,002,117
Other receivables	*22*	Stage 1	12m ECL	27,782
Receivables at FVTOCI	*26*	Stage 1	12m ECL	468,846
Restricted bank deposits	*27*	Stage 1	12m ECL	2,105,234
Cash and cash equivalents	*27*	Stage 1	12m ECL	2,216,137
Time deposits	*27*	Stage 1	12m ECL	387,331

Note: For trade receivables and contract assets, the Group and the Company has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following tables provide information about the exposure to credit risk for trade receivables and contract assets which are assessed based on a provision matrix grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings and aging of the receivables as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

The Group

Gross carrying amounts as at December 31, 2022

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	0.81	224,946	44,112

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	3.06	3,988,190	151,682
Stage 2	12.55	178,820	12,673
		4,167,010	164,355

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	5.42	7,102,053	308,863
Stage 2	14.78	1,873,753	45,874
Stage 3	100.00	51	–
		8,975,857	354,737

Gross carrying amounts as at June 30, 2025

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	4.66	6,915,708	510,910
Stage 2	24.34	1,470,293	35,235
Stage 3	100.00	51	–
		8,386,052	546,145

The Company

Gross carrying amounts as at December 31, 2022

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	0.77	236,458	44,112

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	2.74	3,991,747	151,682
Stage 2	12.55	178,820	12,673
		4,170,567	164,355

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	3.42	8,278,051	308,851
Stage 2	15.48	1,578,022	45,874
Stage 3	100.00	51	–
		9,856,124	354,725

Gross carrying amounts as at June 30, 2025

	Weighted average loss rate	Trade receivables	Contract Assets
	%	*RMB'000*	*RMB'000*
Internal credit rating			
Stage 1	2.09	10,405,080	510,593
Stage 2	24.60	1,312,709	35,235
Stage 3	100.00	51	–
		11,717,840	545,828

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Movement in ECL that has been recognized for trade receivables and contract assets:

The Group

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2022	(786)	–	(786)
Changes due to financial instruments recognized as at January 1, 2022:			
– Impairment losses recognized	(63)	–	(63)
– Impairment losses reversed	–	–	–
New financial assets originated or purchased	(1,331)	–	(1,331)
As at December 31, 2022	(2,180)	–	(2,180)
Changes due to financial instruments recognized as at January 1, 2023:			
– Impairment losses recognized	(161)	–	(161)
– Impairment losses reversed	–	–	–
New financial assets originated or purchased	(148,522)	(17,478)	(166,000)
Impairment losses write-off	–	17,478	17,478
As at December 31, 2023	(150,863)	–	(150,863)
Changes due to financial instruments recognized as at January 1, 2024:			
– Impairment losses recognized	(149,272)	(48)	(149,320)
– Impairment losses reversed	–	–	–
New financial assets originated or purchased	(385,010)	–	(385,010)

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
Exchange alignment	(1,150)	–	(1,150)
As at December 31, 2024	(686,295)	(48)	(686,343)
Changes due to financial instruments recognized as at January 1, 2025:			
– Impairment losses recognized	–	–	–
– Impairment losses reversed	163,048	–	163,048
New financial assets originated or purchased	(191,203)	–	(191,203)
Exchange alignment	1,905	–	1,905
As at June 30, 2025	(712,545)	(48)	(712,593)

The Company

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2022	(786)	–	(786)
Changes due to financial instruments recognized as at January 1, 2022:			
– Impairment losses recognized	(63)	–	(63)
– Impairment losses reversed	–	–	–
New financial assets originated or purchased	(1,323)	–	(1,323)
As at December 31, 2022	(2,172)	–	(2,172)
Changes due to financial instruments recognized as at January 1, 2023:			
– Impairment losses recognized	(160)	–	(160)
– Impairment losses reversed	–	–	–
New financial assets originated or purchased	(135,346)	(17,478)	(152,824)
Impairment losses write-off	–	17,478	17,478
As at December 31, 2023	(137,678)	–	(137,678)
Changes due to financial instruments recognized as at January 1, 2024:			
– Impairment losses recognized	(133,006)	(48)	(133,054)
– Impairment losses reversed	–	–	–
New financial assets originated or purchased	(275,618)	–	(275,618)
As at December 31, 2024	(546,302)	(48)	(546,350)
Changes due to financial instruments recognized as at January 1, 2025:			
– Impairment losses recognized	–	–	–
– Impairment losses reversed	167,440	–	167,440
New financial assets originated or purchased	(181,366)	–	(181,366)
As at June 30, 2025	(560,228)	(48)	(560,276)

Liquidity risk

The management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. Only small portion of the Group's bank borrowings is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in Note 29.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

At December 31, 2022	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables							
– interest-free	N/A	2,495,335	–	–	–	2,495,335	2,495,335
Bank and other borrowings							
– fixed rate	4.21	628,847	–	–	126,961	755,808	711,929
– variable rate	4.11	585,169	385,934	883,058	938,078	2,792,239	2,392,791
Lease liabilities	4.30	22,943	14,989	7,370	–	45,302	43,061
Financial liabilities at FVTPL	N/A	4,911,141	–	–	–	4,911,141	4,911,141
		8,643,435	400,923	890,428	1,065,039	10,999,825	10,554,257

At December 31, 2023	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables							
– interest-free	N/A	6,015,606	–	–	–	6,015,606	6,015,606
Bank and other borrowings							
– fixed rate	4.15	1,661,627	153,563	618,047	–	2,433,237	2,266,232
– variable rate	3.94	1,686,500	637,212	2,161,454	2,273,272	6,758,438	5,824,915
Lease liabilities	4.30	29,345	19,159	32,035	–	80,539	74,312
		9,393,078	809,934	2,811,536	2,273,272	15,287,820	14,181,065

At December 31, 2024	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables – interest-free	N/A	9,170,527	–	–	–	9,170,527	9,170,527
Bank and other borrowings							
– fixed rate	3.89	1,658,678	86,342	763,638	–	2,508,658	2,328,591
– variable rate	3.75	2,270,076	1,347,886	2,624,788	2,174,092	8,416,842	7,654,020
Lease liabilities	4.30	49,656	37,687	57,133	–	144,476	136,038
		13,148,937	1,471,915	3,445,559	2,174,092	20,240,503	19,289,176

At June 30, 2025	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables – interest-free	N/A	10,612,303	–	–	–	10,612,303	10,612,303
Bank and other borrowings							
– fixed rate	4.64	2,421,895	73,642	640,074	137	3,135,748	3,079,323
– variable rate	3.94	2,704,986	1,119,892	2,022,298	2,837,097	8,684,273	7,890,733
Lease liabilities	4.30	45,620	36,809	49,983	1,267	133,679	119,835
		15,784,804	1,230,343	2,712,355	2,838,501	22,566,003	21,702,194

The Company

At December 31, 2022	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	2,170,256	–	–	–	2,170,256	2,170,256
Bank and other borrowings							
– fixed rate	4.21	628,847	–	–	126,961	755,808	711,929
– variable rate	4.12	580,389	385,934	883,058	938,078	2,787,459	2,388,081
Lease liabilities	4.30	20,747	12,792	4,625	–	38,164	35,918
Financial liabilities at FVTPL	N/A	4,911,141	–	–	–	4,911,141	4,911,141
		8,311,380	398,726	887,683	1,065,039	10,662,828	10,217,325

At December 31, 2023	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables . .	N/A	4,885,334	–	–	–	4,885,334	4,885,334
Bank and other borrowings							
– fixed rate. . . .	4.15	1,651,416	153,563	618,047	–	2,423,026	2,256,217
– variable rate . .	3.95	1,619,833	488,781	1,460,053	1,213,359	4,782,026	4,237,016
Lease liabilities . .	4.30	13,392	2,645	1,415	–	17,452	15,726
		8,169,975	644,989	2,079,515	1,213,359	12,107,838	11,394,293

At December 31, 2024	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables . .	N/A	8,475,443	–	–	–	8,475,443	8,475,443
Bank and other borrowings							
– fixed rate. . . .	3.89	1,648,572	86,342	763,638	–	2,498,552	2,318,591
– variable rate . .	3.42	1,991,718	996,374	1,717,388	999,992	5,705,472	5,205,603
Lease liabilities . .	4.30	34,697	24,194	43,677	–	102,568	87,503
		12,150,430	1,106,910	2,524,703	999,992	16,782,035	16,087,140

At June 30, 2025	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	11,965,282	–	–	–	11,965,282	11,965,282
Bank and other borrowings							
– fixed rate. . . .	2.98	1,959,709	73,105	630,736	–	2,663,550	2,622,601
– variable rate . .	3.21	2,185,729	738,591	1,191,261	1,246,202	5,361,783	4,985,583
Lease liabilities . .	4.30	27,556	19,528	33,250	–	80,334	73,735
		16,138,276	831,224	1,855,247	1,246,202	20,070,949	19,647,201

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's and the Company's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's and the Company's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

	Fair value						
	At December 31,			At June 30,			
	2022	2023	2024	2025	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			
Financial assets:							
Receivables at FVTOCI	176,494	65,320	310,826	472,629	Level 2	Discounted cash flow method using the discount rate that reflected the credit risk of the corresponding banks which are observable	N/A
Financial assets at FVTPL – structured deposits	–	549,012	–	–	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A
Financial assets at FVTPL – unlisted equity investment	–	–	–	10,000	Level 3	Net asset value of underlying investments value	Net asset value
Equity instrument at FVTOCI	100	206	206	206	Level 3	Discounted cash flows method	Discount rate *(note i)*
Financial liabilities:							
Financial liabilities at FVTPL – puttable shares liabilities	4,911,141	–	–	–	Level 3	Back-solve from recent transaction price, equity allocation	Probability of conversion, redemption and liquidation, risk-free rate and expected volatility *(note ii)*
Financial liabilities at FVTPL – derivative financial liabilities	–	–	4,511	–	Level 2	Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks.	N/A

The Company

	Fair value						
	At December 31,			At June 30,	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	2022	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			
Financial assets:							
Receivables at FVTOCI	176,494	65,320	288,841	468,846	Level 2	Discounted cash flow method using the discount rate that reflected the credit risk of the corresponding banks which are observable	N/A
Financial assets at FVTPL – structured deposits	–	549,012	–	–	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A
Financial assets at FVTPL – unlisted equity investment	–	–	–	10,000	Level 3	Net asset value of underlying investments value	Net asset value
Financial liabilities:							
Financial liabilities at FVTPL – puttable shares liabilities	4,911,141	–	–	–	Level 3	Back-solve from recent transaction price, equity allocation	Probability of conversion, redemption and liquidation, risk-free rate and expected volatility *(note ii)*
Financial liabilities at FVTPL – derivative financial liabilities	–	–	4,511	–	Level 2	Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks.	N/A

There were no transfers between level 1 and 2 during the Track Record Period.

Notes:

i. An increase in the discount rate would result in a decrease in the fair value measurement of the equity instrument at FVTOCI, which would have an insignificant impact on the Group's consolidated financial statements.

ii. A 5% increase or decrease in the probability of conversion, while all other variables keep constant, would decrease or increase the fair value of puttable shares liabilities as at December 31, 2022 by RMB27,045,000 and RMB27,045,000, respectively.

A 5% increase or decrease in the risk-free rate, while all other variables keep constant, would decrease or increase the fair value of puttable shares liabilities as at December 31, 2022 by RMB2,979,000 and RMB2,988,000, respectively.

A 5% increase or decrease in expected volatility, while all other variables keep constant, would decrease or increase the fair value of puttable shares liabilities as at December 31, 2022 by RMB10,960,000 and RMB9,641,000, respectively.

(ii) Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI	Financial Assets at FVTPL	Financial liabilities at FVTPL
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2022	–	–	929,681
Total gain and losses			
– in profit or loss	–	–	1,290,461
– in other comprehensive income	–	–	–
Addition	100	–	2,690,999
As at December 31, 2022	100	–	4,911,141
Total gain and losses			
– in profit or loss	–	–	1,715,798
– in other comprehensive income	106	–	–
Addition	–	–	4,574,917
Conversion into equity *(Note 33)*	–	–	(11,201,856)
As at December 31, 2023 and 2024	206	–	–
Total gain and losses			
– in profit or loss	–	–	–
– in other comprehensive income	–	–	–
Addition	–	10,000	–
As at June 30, 2025	206	10,000	–

Of the total gains or losses for the period included in profit or loss, RMB1,290,461,000 loss relates to financial liabilities at FVTPL held at December 31, 2022. Fair value gains or losses on financial liabilities at FVTPL are included in 'other gains and losses'.

Included in other comprehensive income is an amount of nil, RMB106,000 gain, nil and nil relating to unlisted equity securities classified as equity instruments at FVTOCI held at December 31, 2022, 2023 and 2024 and June 30, 2025 is reported as changes of FVTOCI reserve.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair value.

The fair values of these financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

43. RELATED PARTY DISCLOSURES

The Group had the following significant transactions and balances with related parties during the Track Record Period.

(a) Related party transactions

i. Sales of products and service

		Year ended December 31,			Six months ended June 30,	
	Relationship	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Shenzhen Shenyuan	*(i)*	–	28	1,046	9	1,777
Xiamen Lide *(note iv)*	*(i)*	59	–	–	–	–
Zhuhai Dongchen *(note iii)*	*(i)*	–	24,359	N/A	N/A	N/A
Shandong Huaqing	*(i)*	–	–	1,775	1,529	4
Chongqing Chenfeng	*(i)*	–	–	4,773	4,773	–
Xiamen Maizi Childcare Service Co., Ltd* ("Xiamen Maizi") (廈門麥子托育服務有限公司)	*(ii)*	–	–	89	8	42
		59	24,387	7,683	6,319	1,823

ii. Purchase of service

		Year ended December 31,			Six months ended June 30,	
	Relationship	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Xiamen Lide *(note iv)*	*(i)*	14,065	12,714	13,053	7,869	4,294

iii. Lease

		Year ended December 31,			Six months ended June 30,	
	Relationship	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Xiamen Lide *(note iv)*	*(i)*					
– Expenses of short-term leases		116	698	818	409	207
– Interest expenses on lease liabilities		18	16	21	11	6
		134	714	839	420	213

The lease repayments of RMB211,000, RMB779,000, RMB892,000, RMB468,000 (unaudited) and RMB265,000 were made for the year ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025. Included in the lease repayments there were interests paid of RMB18,000, RMB16,000, RMB21,000, RMB11,000 (unaudited) and RMB6,000 for the year ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025.

Notes:

(i) These entities are associates of the Group.

(ii) The entity is controlled by Mr. Wu's spouse.

(iii) No transaction took place between the Group and Zhuhai Dongchen before it became a subsidiary of the Company in the year ended December 31, 2024.

(iv) Xiamen Lide was disposed of by the Group in April 2025. The respective amount represented the transactions before it ceased to be an associate of the Group.

(b) Related party balances of the Group

i. Trade receivables

		At December 31,			At June 30,
	Relationship	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Shenzhen Shenyuan	*(i)*	–	24	791	766
Zhuhai Dongchen *(note ii)*	*(i)*	2,124	27,525	N/A	N/A
Chongqing Chenfeng	*(i)*	–	–	270	–
Xiamen Maizi	*(ii)*	–	–	33	45
		2,124	27,549	1,094	811

These amounts mentioned above are included in the Group's trade, bills and other receivables as set out in Note 22.

ii. Other Receivables

		At December 31,			At June 30,
	Relationship	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-trade related:					
Xiamen Lide *(note iii)*	*(i)*	180	180	177	N/A

These amounts mentioned above are included in the Group's trade, bills and other receivables as set out in Note 22. Amount represented rental deposit placed to a related party in respect of a rented warehouse under normal commercial term, and would be refundable upon expiring of the lease contract.

iii. Other payables

		At December 31,			At June 30,
	Relationship	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related:					
Xiamen Lide	*(i)*	4,535	5,242	6,667	N/A
Shandong Huaqing	*(i)*	–	–	100	100
Non-trade related:					
Zhuhai Dongchen *(note ii)*	*(i)*	–	329	N/A	N/A
		4,535	5,571	6,767	100

These amounts mentioned above are included in the Group's trade, bills and other payables as set out in Note 28.

iv. Lease liabilities

		At December 31,			At June 30,
	Relationship	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-trade related:					
Xiamen Lide *(note iii)*	*(i)*	624	560	507	N/A

The lease liabilities were related to a rental agreement under normal commercial term, and would be settled upon expiring the lease contract.

v. Contract liabilities

		At December 31,			At June 30,
	Relationship	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related:					
Shandong Huaqing	*(i)*	–	–	2,124	1,880

Except the lease liabilities as set out above are carried with interest, all other balances with related parties are unsecured, interest free and repayable on demand.

Notes:

(i) These entities are associates of the Group.

(ii) Zhuhai Dongchen became a subsidiary of the Company in 2024, thus the respective balance is not applicable as at December 31, 2024.

(iii) Xiamen Lide was disposed of by the Group in April 2025, thus the respective balance is not applicable as at June 30, 2025.

(c) Compensation of key management personnel

	Year ended December 31,			Six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other benefits.	4,686	7,288	10,375	5,809	5,828
Retirement benefit scheme contributions.	37	260	341	200	185
Discretionary performance related bonus	716	1,146	2,292	1,147	1,406
Share-based payments . . .	113,467	1,421	1,421	711	5,855
	118,906	10,115	14,429	7,867	13,274

The remuneration of key management personnel (being Chairman and director of the Company and other key management of the Group), is determined with reference to the performance of individuals and market trends.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Principal place of operation and incorporation, date of incorporation	Authorized share/ registered capital	Attributable equity interests held by the Company					Principal activities	Notes
			At December 31,			At June 30,	At the date of this report		
			2022	2023	2024	2025			
		'000							
Directly held:									
Xiamen Hithium New Material Technology Co., Ltd.* (廈門海辰新材料科技有限公司)	The PRC, December 27, 2019	RMB100,000	100%	100%	100%	100%	[100]%	Production and sales of materials	*a*
Xiamen Hithium Energy Storage Development Co., Ltd.* (廈門海辰儲能發展有限公司)	The PRC, June 29, 2021	RMB20,000	100%	100%	100%	100%	[100]%	Investment holding	*a*
Hithium Equipment	The PRC, April 19, 2022	RMB20,000	100%	100%	100%	100%	[100]%	Research and development, production and sales of equipment	*b*
Shenzhen Hithium Energy Storage Technology Co., Ltd.* (深圳海辰儲能科技有限公司)	The PRC, May 25, 2022	RMB60,000	100%	100%	100%	100%	[100]%	Research and development, sales and delivery of energy storage products	*c*
Haichuang Xingzhi	The PRC, June 13, 2022	RMB5,000	80%	80%	80%	80%	[80]%	Development and sales of industrial software	*b*
Hithium Chongqing *(note h)*	The PRC, June 17, 2022	RMB2,400,000	77.78%	77.78%	77.78%	77.78%	[77.78]%	Production, sales and delivery of energy storage products	*d*
Hithium Energy Storage Technology USA Inc.	The U.S., November 23, 2022	US$75,352	100%	100%	100%	100%	[100]%	Research and development, production, sales and delivery of energy storage products	*g*
Hithium Energy Storage Technology Deutschland GmbH	Germany, December 13, 2022	EUR1,000	100%	100%	100%	100%	[100]%	Sales and delivery of energy storage products	*a*
Hithium Global Pte. Ltd.	Singapore, August 28, 2023	US$0.001	N/A	100%	100%	100%	[100]%	Investment holding	*a*
Xiamen Jiamei Home Logistics Service Management Co., Ltd.* (廈門市佳美之家後勤服務管理有限公司)	The PRC, January 31, 2024	RMB2,000	N/A	N/A	100%	100%	[100]%	Management services	*a*
Xiamen Haichen Digital Energy Technology Co., Ltd.* (廈門海辰數能科技有限公司)	The PRC, March 8, 2024	RMB50,000	N/A	N/A	100%	100%	[100]%	Sales and delivery of energy storage products	*a*
Shenzhen Haichen Equal Rights Hero Energy Technology Co., Ltd.* (深圳海辰平權英雄能源科技有限公司)	The PRC, May 9, 2024	RMB30,000	N/A	N/A	100%	100%	[100]%	Research and development, sales and delivery of energy storage products	*e*
Shandong Haichen Green Energy Development Co., Ltd.* (山東海辰綠色能源發展有限公司)	The PRC, June 4, 2024	RMB3,000	N/A	N/A	100%	100%	[100]%	Research and development, production, sales and delivery of energy storage products	*a*

Name of subsidiaries	Principal place of operation and incorporation, date of incorporation	Authorized share/ registered capital	Attributable equity interests held by the Company					Principal activities	Notes
			At December 31,			At June 30,	At the date of this report		
			2022	2023	2024	2025			
		'000							
Shandong Haichen Investment Development Co., Ltd.* (山東海辰投資發展有限公司)	The PRC, June 20, 2024	RMB600,000	N/A	N/A	100%	100%	[100]%	Investment holding	*a*
Haichen Green Energy (Shanghai) Energy Development Co., Ltd.* (海辰綠能(上海)能源開發有限公司)	The PRC, October 16, 2024	RMB30,000	N/A	N/A	90%	90%	[90]%	Investment in power stations	*a*
Indirectly held:									
Xiamen Zongling	The PRC, March 24, 2021	RMB2,584	56.67%	56.67%	74.85%	74.85%	[74.85]%	Production and sales of battery components	*f*
Zhuhai Dongchen	The PRC, November 24, 2021	RMB4,000	40%	40%	100%	100%	[100]%	Operation of energy storage projects	*a*
Shandong Jincheng Energy Development Co., Ltd.* (山東錦辰能源發展有限公司)	The PRC, December 6, 2021	RMB5,000	100%	100%	100%	100%	[100]%	Operation of energy storage projects	*a*
Evolt Technology Limited	New Zealand, June 27, 2022	Nil	100%	100%	100%	100%	[100]%	Sales and delivery of energy storage products	*a*
Chongqing Xingchen Energy Storage Technology Co., Ltd.* (重慶興辰儲能技術有限公司)	The PRC, August 5, 2022	RMB1,000	100%	100%	100%	100%	[100]%	No material business	*a*
Hithium USA Inc.	The U.S., August 31, 2023	N/A	N/A	100%	100%	100%	[100]%	Sales and delivery of energy storage products	*a*
Hithium Australia Pty. Ltd.	Australia, September 12, 2023	Australian dollar 1,900	N/A	100%	100%	100%	[100]%	Sales and delivery of energy storage products	*a*
Chongqing Zongling Precision Industry Co., Ltd.* (重慶縱淩精密工業有限公司)	The PRC, January 12, 2024	RMB10,000	N/A	N/A	74.85%	74.85%	[74.85]%	Production and sales of mould	*a*
Hithium TECH USA INC.	The U.S., January 30, 2024	US$68,452	N/A	N/A	100%	100%	[100]%	Research and development, production, sales and delivery of energy storage products	*g*
Hi Capital LLC	The U.S., February 27, 2024	Nil	N/A	N/A	100%	100%	[100]%	No material business	*a*
Hithium UK Ltd.	United Kingdom, March 18, 2024	Great Britain Pound 0.001	N/A	N/A	100%	100%	[100]%	Sales and delivery of energy storage products	*a*
Heze Lvneng New Energy Co., Ltd.* (荷澤綠辰新能源有限公司)	The PRC, June 7, 2024	RMB1,000	N/A	N/A	100%	100%	[100]%	Investment in power stations	*a*
Shandong Hithium Energy Storage Technology Co., Ltd.* (山東海辰儲能科技有限公司)	The PRC, July 2, 2024	RMB300,000	N/A	N/A	100%	100%	[100]%	Research and development, production, sales and delivery of long-duration energy storage products	*a*
Hithium Tech HK Limited	Hong Kong, October 30, 2024	HK$10	N/A	N/A	100%	100%	[100]%	Sales and delivery of energy storage products	*a*

Name of subsidiaries	Principal place of operation and incorporation, date of incorporation	Authorized share/ registered capital	Attributable equity interests held by the Company					Principal activities	Notes
			At December 31,			At June 30,	At the date of this report		
			2022	2023	2024	2025			
		'000							
Heze Hai Lu Rong He Energy Development Co., Ltd.* (菏澤海綠融和能源開發有限公司)	The PRC, November 14, 2024	RMB1,000	N/A	N/A	100%	100%	[100]%	Investment in power stations	a
Heze Shan Tou Hai Lu Energy Development Co., Ltd.* (菏澤山投海綠能源開發有限公司)	The PRC, November 15, 2024	RMB1,000	N/A	N/A	100%	100%	[100]%	Investment in power stations	a
Hithium Energy Storage Japan LLC	Japan, November 15, 2024	Japanese Yen 20,200	N/A	N/A	100%	100%	[100]%	Sales and delivery of energy storage products	a
Heze Haisui New Energy Co., Ltd.* (菏澤辰儲新能源有限公司)	The PRC, April 9, 2025	RMB1,000	N/A	N/A	N/A	100%	[100]%	Sales and delivery of energy storage products	a
Heze Carbon and Green Energy Co., Ltd.* (菏澤碳和綠能能源有限公司)	The PRC, April 10, 2025	RMB1,000	N/A	N/A	N/A	100%	[100]%	Sales and delivery of energy storage products	a
Heze Haisui New Energy Co., Ltd.* (菏澤海穗新能源有限公司)	The PRC, June 12, 2025	RMB1,000	N/A	N/A	N/A	100%	[100]%	Sales and delivery of energy storage products	a

Notes:

(a) No audited statutory financial statements were prepared for these entities for the years ended December 31, 2022, 2023 and 2024, where applicable, as there are no statutory audit requirements.

(b) The financial statements of these entities for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The financial statements of these entities for the years ended December 31, 2022 and 2023 were audited by Xiamen Andexin, certified public accountants registered in the PRC. The financial statements of these entities for the year ended December 31, 2024 were audited by Xiamen Zhong Lian Xing Certified Public Accountants Co., Ltd* ("Xiamen Zhong Lian Xing") (廈門中聯興會計師事務所有限公司), certified public accountants registered in the PRC.

(c) No audited statutory financial statements were prepared for this entity for the year ended December 31, 2022. The financial statements of this entity for the year ended December 31, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The financial statements of the entity for the year ended December 31, 2023 were audited by Xiamen Andexin, certified public accountants registered in the PRC. The financial statements of the entity for the year ended December 31, 2024 were audited by Xiamen Zhong Lian Xing, certified public accountants registered in the PRC.

(d) The financial statements of these entities for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The financial statements of these entities for the years ended December 31, 2022 and 2023 were audited by Xiamen Andexin, certified public accountants registered in the PRC. The financial statements of these entities for the year ended December 31, 2024 were audited by DTTCPALLP, certified public accountants registered in the PRC.

(e) The financial statements of this entity for the year ended December 31, 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Xiamen Zhong Lian Xing, certified public accountants registered in the PRC.

(f) The financial statements of this entity for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The financial statements of this entity for the year ended December 31, 2022 were audited by Xiamen Liangcheng Certified Public Accountants Co., Ltd.* (廈門良誠會計師事務所有限公司), certified public accountants registered in the PRC. The financial statements of this entity for the year ended December 31, 2023 were audited by Dahua Certified Public Accountants LLP* (大華會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. The financial statements of this entity for the year ended December 31, 2024 were audited by Xiamen Hongzheng Certified Public Accountants Co., Ltd.* (廈門泓正會計師事務所有限公司), certified public accountants registered in the PRC.

(g) The financial statements of these entities for the year ended December 31, 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the US enterprises and were audited by HTL CPAs & Business Advisors LLC, certified public accountants registered in the US.

(h) The management of the Group considered that the Group effectively owned 77.78% in Chongqing Hithium, after taking into account the contractual arrangement entered into among the Company, Chongqing Hithium and its investor in year 2022, pursuant to which, the Company was required to repurchase the 26.78% equity interest in Chongqing Hithium from its investor at a fixed interest rate of 6% per annum after the 6th year of anniversary of date of investment. Accordingly, such investment sum received by the Company was accounted for as other borrowings as recorded in Note 29.

* English name is for identification purpose

The financial year end date for all the subsidiaries above are same as the Company. None of the subsidiaries had issued any debt securities at the end of each reporting period during the Track Record Period.

45. INVESTMENTS IN SUBSIDIARIES

	At December 31,			At June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments, unlisted shares	419,704	1,653,523	2,605,690	3,267,684

46. MOVEMENTS OF THE COMPANY'S RESERVES

	Capital and other reserves	Safety fund surplus reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	(184,478)	–	–	(255,665)	(440,143)
Loss and total comprehensive expense for the year	–	–	–	(1,708,157)	(1,708,157)
Issue of new shares	(35,326)	–	–	–	(35,326)
Provision of safety fund surplus reserve	–	102	–	(102)	–
Change in ownership of interest in a subsidiary	(607)	–	–	–	(607)
Recognition of equity-settled share-based payments *(Note 36)*	–	–	381,811	–	381,811
Vest of shares granted under share incentive scheme	377,233	–	(377,233)	–	–
At December 31, 2022	156,822	102	4,578	(1,963,924)	(1,802,422)
Loss and total comprehensive expense for the year	–	–	–	(1,788,634)	(1,788,634)
Capitalization issue	(691,072)	–	–	–	(691,072)
Issue of new shares	11,157,773	–	–	–	11,157,773

	Capital and other reserves	Safety fund surplus reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision of safety fund surplus reserve	–	224	–	(224)	–
Recognition of equity-settled share-based payments *(Note 36)*	–	–	33,989	–	33,989
At December 31, 2023	10,623,523	326	38,567	(3,752,782)	6,909,634
Profit and total comprehensive income for the year	–	–	–	457,194	457,194
Provision of safety fund surplus reserve	–	1,436	–	(1,436)	–
Recognition of equity-settled share-based payments *(Note 36)*	–	–	23,591	–	23,591
At December 31, 2024	10,623,523	1,762	62,158	(3,297,024)	7,390,419
Profit and total comprehensive income for the period	–	–	–	415,027	415,027
Issue of new shares	(72,822)	–	–	–	(72,822)
Provision of safety fund surplus reserve	–	1,135	–	(1,135)	–
Recognition of equity-settled share-based payments *(Note 36)*	–	–	26,122	–	26,122
Vest of shares granted under share incentive scheme	1,601	–	(1,601)	–	–
At June 30, 2025	10,552,302	2,897	86,679	(2,883,132)	7,758,746

47. CONTINGENT LIABILITIES

In June 2025, the Group was involved in an intellectual property infringement claim. The plaintiff petitioned the Group to immediately stop the relevant activity and to pay RMB150 million as compensation. [As at the date of this report], the Group has received the pleading and is in the process of preparing to contest such claim.

Based on the analysis and views of the Group's IP counsel and legal advisor in PRC law and after assessment, [at the date of this report,] the directors of the Company are of the view that the claim are lacking in merit and it is not probable that a material outflow of economic benefits will be required to settle the claim.

48. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to June 30, 2025 and up to the date of this report.]

49. SUBSEQUENT EVENTS

[●]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This appendix contains a summary of the main provisions of the Articles of Association (draft), which was considered and approved at the 2025 first extraordinary shareholders' meeting of the Company, and will take effect from the date of [**REDACTED**] of H shares on the Hong Kong Stock Exchange. As the main purpose of this appendix is to provide potential [**REDACTED**] with an overview of the Articles of Association, it doesn't contain all information that is important to potential [**REDACTED**].

1. ISSUANCE OF SHARES

The shares of the Company shall take the form of share certificates and shall all be registered shares. A share certificate is a proof issued by the Company which proves the shares held by a shareholder. In addition to those provided for in the Company Law, matters specified in the share certificates of the Company shall also include other matters that are required to be specified by the governing rules of the place where the Company's shares are listed such as Hong Kong Listing Rules.

The shares of the Company shall be issued by following the principles of openness, fairness and justice, and each share of the same class shall have the same rights. The rights of shareholders of the same class shall be modified only with the consent of at least two-thirds of the valid voting rights by shareholders of that class presenting at the class shareholders' meeting. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. For any share subscribed by subscribers, the same price per share shall be paid.

Shares issued by the Company shall have a par value and shall be denominated in RMB with each share having a par value of RMB1.

All the shares issued by the Company are ordinary shares.

2. INCREASE, DECREASE AND REPURCHASE OF SHARES

(1) Increase and decrease of shares

The Company may, upon resolution by a shareholders' meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:

i. issuing shares to unspecified parties;

ii. issuing shares to specified parties;

iii. allotting bonus shares to its existing shareholders;

iv. converting the capital reserves into share capital;

v. any other method stipulated by laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed, and any other method approved by the CSRC or other securities regulatory authorities.

The shareholders' meeting may authorize the Board of Directors to decide to issue shares not exceeding 50% of the issued shares within three years. If the Board of Directors decides to issue shares in accordance with the preceding provision, which results in changes in the registered capital and the number of the issued shares of the Company, the amendments to this provision in the Articles of Association do not need to be voted on by the shareholders' meeting again.

After having been approved in accordance with the provisions of the Articles of Association, the increase of the Company's capital by issuing new shares shall be handled in accordance with the procedures stipulated by relevant State laws, administrative regulations, departmental rules, normative documents and the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed.

The Company may reduce its registered capital. The Company's reduction of registered capital shall follow the procedures stipulated by the Company Law and other regulations and the Articles of Association. Where the Company reduces its registered capital, the shares shall be reduced in proportion to the shares held by the shareholders, except where the shareholders' meeting resolves not to reduce the shares in proportion to the shares held.

(2) Repurchase of Shares

The Company shall not acquire its shares. However, except for any of the following situations:

i. reduce the registered capital of the Company;

ii. merger with other companies which hold shares in the Company;

iii. the shares are to be used for employee share ownership plans or equity incentives;

iv. the shareholders who vote against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company require the Company to acquire its shares;

v. such shares are in use for transferring corporate bonds issued by the Company that can be converted into shares;

vi. it is necessary for the Company to maintain corporate value and shareholders' interests;

vii. any other circumstances stipulated by laws, administrative regulations, departmental rules, normative documents and the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed.

The Company may acquire its shares through open and centralized trading or other methods permitted by laws, administrative regulations and CSRC and the securities regulatory authorities of the place where the Company's shares are listed. Where the Company acquires its shares under the circumstances specified in above item iii, item v, item vi, open and centralized trading shall be adopted.

Acquisition of its own shares by the Company under the circumstances specified in above item i and item ii shall be subject to resolution at the shareholders' meeting; acquisition of its own shares by the Company under the circumstances specified in above item iii, item v and item vi shall, as authorized by the shareholders' meeting, be subject to a resolution at a board meeting attended by more than two-thirds of the directors in accordance with the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed.

Subject to compliance with the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed, where the Company acquires its shares pursuant to the preceding provision, in the case of items i, such shares shall be cancelled within ten days from the date of acquisition; in the case of items ii, items iv, such shares shall be transferred or cancelled within six months; and in the case of items iii, items v, items vi, the aggregate number of the Company's shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Where the laws, administrative regulations, departmental rules, other normative documents and regulatory rules of the place where the Company's shares are [**REDACTED**] (including the Securities Act and the Hong Kong Listing Rules) contain any other provisions in respect of relevant matters concerning share acquisition, such provisions shall prevail.

3. SHARES TRANSFERS

The shares of the Company may be transferred legally. The transfer of the Company's shares shall be registered with the shares registration institutions entrusted by the Company.

All transfers of H shares shall adopt a written instrument of transfer in a general or ordinary format or other format accepted by the Board (including the standard transfer format or form of transfer that Hong Kong Stock Exchange may provide from time to time); such instrument of transfer may be signed by hand, or be stamped with the valid seal of the Company (if the Company is the transferor or the transferee). Where the transferor or transferee is a recognized clearing house or any of its agents as defined by relevant regulations in the laws of Hong Kong effective from time to time, the instrument of transfer may be signed by hand or by machine-printed form. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time.

The Company shall not accept its own shares as the subject of the pledge.

Shares issued by the Company prior to the [**REDACTED**] issuance of shares shall not be transferred within one year from the date the shares of the Company are [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

The directors and senior management of the Company shall report to the Company the shares of the Company held by them and changes thereof and shall not transfer more than 25% of the total number of shares held by them during his or her term of office as determined at the time of taking the office; the shares held by the Company shall not be transferred within one year of the date on which the shares of the Company are listed and traded on a stock exchange. The aforesaid persons shall not transfer the shares of the Company held by them within half a year from the date of their dimission.

Where the laws, administrative regulations, or the regulatory rules of the place where the shares of the Company are [**REDACTED**] such as the China Securities Regulatory Commission and the Hong Kong Listing Rules have other provisions on the restrictions on the transfer of the Company's shares, such provisions shall prevail.

Where the directors, senior management or shareholders who hold 5% or more of the shares of the Company dispose of any shares or other equity securities held by him/her in the Company within 6 months from the date of acquiring, or acquire any shares or other equity securities again within 6 months from the date of disposing of, the proceeds thereof shall belong to the Company, and the Board of the Company shall recover such proceeds. However, in the circumstances where a securities company holds 5% or more of the shares of the Company due to the purchase of the remaining shares after the [**REDACTED**], or such other circumstance as prescribed by the China Securities Regulatory Commission shall be excluded. The shares or other equity securities held by the afore-mentioned directors, senior management or individual shareholders shall include the shares or other equity securities held by such person's spouse, parents, children or held through the accounts of other persons.

Where the Board of Directors of the Company does not act in accordance with the provision of the above paragraph, the shareholders shall have the right to require the Board of Directors to take action within 30 days. Where the Board of Directors of the Company fails to take such action within the aforesaid period, the shareholders shall be entitled to file proceedings at the people's court directly in their own names for the interests of the Company.

Where the Board of Directors of our Company fails to take action in accordance with the above paragraph, the Directors who are accountable thereto shall be jointly and severally liable pursuant to law.

4. SHAREHOLDERS

Our Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of shareholders is a piece of sufficient evidence for shareholders holding the shares of the Company. Shareholders enjoy the rights and assume the obligations in accordance with the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The register of shareholders shall include the following parts:

i. the register of shareholders maintained at the Company's domicile, other than those as described in items (2) and (3) of this article;

ii. the [**REDACTED**] of the Company held in the place where the Company's shares are [**REDACTED**], the [**REDACTED**] must be held in Hong Kong and is available for inspection by the shareholders, provided that the Company may close the register of shareholders in accordance with the provisions of the laws and regulatory rules of the place where the Company's shares are [**REDACTED**], or their equivalent provisions (including those equivalent to provisions of Section 632 of the Hong Kong Companies Ordinance);

iii. the register of shareholders maintained at such other places as the Board may consider necessary for the purpose of [**REDACTED**] the Company's shares.

When the Company convenes a shareholders' meeting, distributes dividends, conducts liquidation or performs other activities that require determining the identity of the shareholders, the Board of Directors or the convener of the shareholders' meeting shall determine the date of record, and shareholders registered in the register after market closing on the date of record shall be shareholders who enjoy the relevant rights and interests.

The shareholders of the Company shall be entitled to the following rights:

i. to be entitled to dividends and other forms of distributions in proportion to the number of Shares;

ii. to request, convene, preside over, attend or appoint proxies to attend shareholders' meetings, to speak at shareholders' meetings and to exercise the corresponding voting rights in accordance with the law (unless individual shareholders are required by the regulatory rules of the place of [**REDACTED**] of the Company's shares, such as the Hong Kong Listing Rules, to abstain from voting on individual matters);

iii. supervising the Company's business operations, proposing recommendations or raising questions;

iv. to transfer, gift or pledge their shares in accordance with the laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**], and the Articles of Association;

v. to access and copy the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of Board Meetings, financial accounting reports and registers of bondholders of the company and its wholly-owned subsidiaries;

vi. to participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

vii. to require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;

viii. other rights conferred by laws, administrative regulations, regulations of the authorities, Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**], or the Articles of Association.

In addition to the above rights, shareholders who have individually or collectively held more than 3% of the Company's shares for more than 180 consecutive days have the right to inspect the accounting books and the accounting vouchers of the Company and its wholly-owned subsidiaries.

If any shareholder requests to inspect the aforesaid relevant information or asks for relevant data, the said shareholder shall provide the Company with written documents bearing evidence of the holding and number of shares held by the said shareholder in the Company, and the Company will provide the said information or data as required by the said shareholder upon authentication of the identity of the said shareholder.

Where the contents of a resolution of the shareholders' meeting or the Board of Directors of the Company violate any law or administrative regulation, shareholders are entitled to petition the people's court to declare the resolution invalid.

Where the convening procedures or voting method of a shareholders' meeting or a Board meeting violate any laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, a shareholder shall have the right to apply to the people's court for revocation within 60 days from passing of such resolution, unless there is only a slight defect in the procedure of convening or the method of voting at the shareholders' meetings or Board meetings, which has no substantive impact on the resolution.

Any shareholder who was not notified to attend the shareholders' meeting may petition the people's court to revoke the relevant resolution within sixty (60) days from the date the shareholder becomes aware or should have become aware of the adoption of the resolution; if the shareholder does not exercise the right to revocation within one year from the date of the adoption of the resolution, the right to revocation shall be extinguished.

The shareholders of the Company shall undertake the following obligations:

i. abiding by laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association;

ii. to contribute to the share capital as determined by the number of shares subscribed by them and the method of subscription;

iii. not to withdraw their contributed share capital except in circumstances allowed by the laws and administrative regulations;

iv. not abusing shareholder's rights to harm the interests of the Company or other shareholders; not abusing the independent legal person status of the Company and shareholders' limited liability to harm the interests of the Company's creditors;

v. any other obligations stipulated by laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

Shareholders of the Company who abuse shareholders' rights and cause damages to the Company and other shareholders shall be liable for compensation pursuant to the law. Shareholders who abuse the independent legal person status of the Company and shareholders' limited liability to evade debts and severely infringe upon interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.

Any shareholder of five percent or more of the voting shares of the Company that pledges any shares held by him/her shall report to the Company in writing on the date of such pledge.

The controlling shareholder, actual controlling person, directors and senior management of the Company shall not damage the interests of the Company by making use of their related (associated) relationship. Anyone who violates the regulation and causes losses to the Company shall be liable for compensation.

The controlling shareholder and actual controlling person of the Company shall bear duty of good faith to the Company and other shareholders. Controlling shareholders shall exercise the rights of investors strictly in accordance with the law, and they shall not make use of measures such as profit distribution, asset restructuring, foreign investment, capital

occupation, loan guarantee, etc. to damage the legitimate rights and interests of the Company and other shareholders, as well as not to make use of its controlling status to damage the interests of the Company and other shareholders.

5. GENERAL PROVISIONS OF THE SHAREHOLDERS' MEETING

The shareholders' meeting is the organ of authority of the Company, and shall exercise following functions and powers pursuant to the law:

i. to decide on the Company's operating guideline and investment plan, and to make major changes to the Company's core business, including but not limited to actively terminating or suspending the Company's current core business, the necessary operating qualifications to operate the core business, and the necessary core intellectual property rights to operate the core business;

ii. to elect and replace the directors who are not representatives of staff and to decide on the matters relating to the remuneration of directors;

iii. to consider and approve the reports of the board of directors;

iv. to consider and approve the Company's proposed annual financial budget and final accounts;

v. to consider and approve the Company's profit distribution proposals and loss recovery proposals;

vi. to make resolutions on the increase or decrease of the registered capital of the Company, or the issue or redemption of other equity interests;

vii. to make resolutions on the issuance of corporate bonds;

viii. to make resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company, and to make resolutions on the entering into or implementation of transactions under liquidation events by the Company;

ix. to amend the Articles of Association;

x. to resolve on the engagement or dismissal of the accounting firm by the Company;

xi. to review and approve the transactions to be decided by the shareholders' meeting as prescribed by the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**];

xii. to review and approve the guarantees stated in Article 44 of the Articles of Association;

xiii. to review and approve the related party (connected) transactions to be decided by the shareholders' meeting as prescribed by the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**];

xiv. to review and approve the repurchase of shares of the Company under the circumstances specified in items i and ii of Article 24 of the Articles of Association;

xv. to review the purchases and sales of significant assets by the Company within a year exceeding 30% of its latest audited total assets (Unless otherwise specified, the Company's total assets, net assets, net profit, operating income and other financial indicators referred to in the Articles of Association and the Company's internal system are based on the consolidated statements of the Company.);

xvi. to review and approve matters relating to the modification of raised fund purpose;

xvii. to review equity incentive plans and employee share ownership plans or similar plans (including but not limited to enlarging the share size of equity incentive plans);

xviii. to review any other matter to be decided by the shareholders' meeting as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

The shareholders' meeting may authorize the Board to make resolutions on the issuance of the Company's bonds.

Except for item vii of the preceding paragraph which may authorize the Board to exercise the powers of review, the above-mentioned duties and powers of shareholders' meeting shall not be exercised by the Board or other institutions or individuals on behalf of the shareholders' meeting through authorization. However, without violating laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**], the Board or authorized persons of the Board may be authorized to handle or implement the relevant resolutions when the shareholders' meeting passes the relevant resolutions by votes.

If the Company engages in transactions that are required to be disclosed by the stock exchange of the place where the shares are [**REDACTED**], it shall comply with the corresponding approval and decision-making procedures and disclose them in accordance with the Hong Kong Listing Rules.

The following external guarantees of the Company shall be submitted to the shareholders' meeting for consideration after review and approval by the Board:

i. a single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;

ii. any guarantee provided under the situation where the total amount of external guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the latest audited net assets of the Company;

iii. any guarantee provided to guaranteed parties with the asset to liability ratio above 70%;

iv. subject to accumulative calculation principles, guarantee whose amount for a period of any 12 consecutive months exceeds 30% of the latest audited total assets of the Company;

v. any guarantee provided under the situation where the total amount of external guarantees provided by the Company exceeds 30% of the latest audited total assets of the Company;

vi. guarantees provided by the Company to shareholders, de facto controllers and their related (connected) parties;

vii. other guarantees stipulated by laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules or other regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

When the shareholders' meeting deliberates on the matters guaranteed in item iv of the preceding paragraph, it shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Where the Company provides guarantees for wholly-owned subsidiaries, or provides guarantees for controlling subsidiaries and the other shareholders of the controlling subsidiary provide guarantees in the same proportion according to the equity interests they enjoy, which does not impair the interests of the Company, items i to iii of the preceding paragraph may be exempted from the application of the provisions.

Where the Company provides guarantees for the controlling shareholders, actual controllers and their related (associated) parties, the controlling shareholders, actual controllers and their related (associated) parties shall provide counter-guarantees.

6. CONVENING OF SHAREHOLDERS' MEETING

A shareholders' meeting shall be convened by the Board of Directors.

With the approval of a majority of all the independent non-executive directors, the independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. Where independent non-executive Directors propose to convene an extraordinary general meeting, the Board of Directors shall, pursuant to the laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] and the provisions of the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board of Directors agree to convene the extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from such decision; where the Board of Directors does not give consent for convening an extraordinary general meeting, reasons shall be specified and announcements shall be made.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] and the provisions of the Articles of Association, reply in writing on whether or not to agree on the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal.

Where the Board of Directors agree to convene the extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from such decision, and the changes made to the original proposal in the notice shall be approved by the Audit Committee.

Where the Board of Directors does not give consent for convening of an extraordinary general meeting or does not issue feedback within 10 days upon the receipt of the requisition(s), it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholder(s) individually or jointly holding more than 10% of the voting shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made to the Board of Directors in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] and the provisions of the Articles of Association, reply in writing on whether or not to agree on the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal.

Where the Board of Directors agree to convene the extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from such decision, and the changes made to the original proposal in the notice shall be approved by relevant shareholders.

Where the Board of Directors does not give consent for convening of an extraordinary general meeting or does not issue feedback within 10 days upon the receipt of the requisition(s), the shareholders holding more than 10% of the Company's voting shares individually or jointly shall be entitled to put forward propose to the Audit Committee on convening of an extraordinary general meeting and such proposal shall be made to the Audit Committee in writing.

Where the Audit Committee gives consent for convening an extraordinary general meeting, a notice on convening of the shareholders' meeting shall be issued within 5 days upon the receipt of the requisition(s) and the changes made to the original proposal in the notice shall be approved by relevant shareholders.

Where the Audit Committee fails to issue a notice of a shareholders' meeting within the stipulated period, the Audit Committee shall be deemed as not convening and chairing the shareholders' meeting, and the shareholders who hold more than 10% of the Company's voting shares individually or jointly for more than 90 consecutive days may proceed to convene and chair a shareholders' meeting on their own initiative.

Where the Audit Committee or shareholders decide to convene a shareholders' meeting on their own, they shall notify the Board of Directors in writing and file with the Hong Kong Stock Exchange (if necessary) in accordance with the Hong Kong Listing Rules and other applicable regulating rules of the place where the shares of the Company are [**REDACTED**].

Prior to the announcement of the resolution of the shareholders' meeting, the proportion of the voting shares held by the shareholders who convene the meeting shall not be less than 10%.

The Audit Committee and the convening shareholders shall, upon issuing a notice of the shareholders' meeting and announcing the resolution thereof, submit the relevant documentation to the Hong Kong Stock Exchange (if necessary) in accordance with the Hong Kong Listing Rules and other applicable regulating rules of the place where the shares of the Company are [**REDACTED**].

Where the Audit Committee or the shareholders convene a shareholders' meeting on their own, the Board of Directors and the secretary of the Board of Directors shall cooperate. The Board of Directors shall provide the register of shareholders as of the date of share recording. The register of shareholders obtained by the convener may not be used for other purposes except the convention of a shareholders' meeting.

Where the Audit Committee or the shareholders convene a shareholders' meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

7. PROPOSALS AND NOTICES OF SHAREHOLDERS' MEETINGS

The content of a proposal shall be within the scope of functions and powers of the shareholders' meeting, have definite topics and specific resolutions, and shall comply with laws, administrative regulations, the Hong Kong Listing Rules and other regulating rules of the place where the shares of the Company are [**REDACTED**] and the relevant provisions of the Articles of Association.

Where the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee and shareholder(s) individually or jointly holding more than 1% voting shares of the Company shall be entitled to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 1% of the voting shares of the Company may put forward provisional proposals and submit them in writing to the convener 10 days before a shareholders' meeting is convened. The provisional proposal shall provide a clear agenda and specific matters for a resolution. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receipt of the proposals and announce the contents of the provisional proposals and submit the provisional proposals to the shareholders' meeting for consideration, unless the proposal violates the provisions of the laws, administrative regulations, the Hong Kong Listing Rules and other regulating rules of the place where the shares of the Company are [**REDACTED**] or the Articles of Association or does not fall within the scope of the functions and powers of the shareholders' meeting.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the shareholders' meeting, shall neither modify the proposals stated in the notice of shareholders' meetings nor add new proposals.

The convener will notify each shareholder by announcement at least 21 days before the annual shareholders' meeting, and will notify each shareholder by announcement at least 15 days before the extraordinary general meeting. When calculating the starting date, the date of the meeting shall be excluded.

The notice of the shareholders' meeting shall include the following:

i. the time, venue and duration of the meeting;

ii. the matters and proposals to be considered at the meeting;

iii. contain a prominent statement that all shareholders shall be entitled to attend and appoint in writing a proxy to attend and vote on his/her behalf and that proxy need not to be a shareholder;

iv. specify the shareholding registration date on which the shareholders are eligible to attend the general meeting;

v. list the name and the phone number of the permanent contact person of the meeting;

vi. issue voting time and voting procedures through network or by any other means.

Notices and supplementary notices of general meetings shall adequately and completely disclose all the specific contents of all proposals. Where the opinions of an independent non-executive Director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed at the same time when the notices or supplementary notices of general meetings are published. The interval between the shareholding registration date and the date of the meeting shall not be more than seven working days. The shareholding registration date shall not be changed once confirmed.

The general meeting shall not be postponed or canceled and the proposals listed in the notice of general meetings shall not be canceled without justifiable causes after the notice of general meeting was sent out. In the case of any circumstance for postponement or cancellation of the meeting, the convener shall make an announcement and explain the reasons at least two working days before the original convening day. Where there are special provisions in the securities regulatory rules of the place where shares of the Company are listed in connection with the procedures for postponement or cancellation of general meetings, such provisions shall apply without violation of the Company Law, the Securities Law, the Trial Administrative Measures and the Guidelines for the Articles of Association of Listed Companies.

8. THE CONVENTION OF GENERAL MEETING

All shareholders in the register as at the shareholding registration date or their proxies shall have the right to attend a general meeting and exercise voting rights pursuant to relevant laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where shares of the Company are listed and the Articles of Association.

The shareholders may attend the general meeting in person or appoint a proxy to attend and vote on his/her behalf; such proxy need not be a shareholder of the Company.

If the shareholder is a recognized clearing house or any of its agents as defined by relevant regulations in the laws of Hong Kong effective from time to time, the shareholder may authorize one or more persons as it thinks fit to act on its representative at any general meeting or creditors' meeting; however, where more than one person are authorized, the power of attorney shall contain the involved number and category of shares for which such persons are authorized, and could be signed by an authorized officer of the recognized clearing house. The person thus authorized may represent the recognized clearing house (or its proxy) in exercising its rights at any meeting (without being required to present share certificate, certified power of

attorney and/or further evidence of due authorization), and enjoy legal rights same as those enjoyed by other shareholders (including the right to speak and vote), as if the persons individual shareholders of the Company.

The partnership shareholder shall be represented at the meeting by the managing partner or the proxy appointed by the managing partner; where the managing partner is not a natural person, the managing partner shall appoint a representative or the proxy appointed by him to attend the meeting. If the managing partner or the representative appointed by the managing partner attends the meeting, he/she shall present his/her ID card, valid evidence that he/she is qualified to be the managing partner/the representative appointed by the managing partner; if he/she appoints a proxy to attend the meeting, he/she shall present his/her ID card, the written power of attorney issued in accordance with the law by the managing partner/the representative appointed by the managing partner of the entity of the partnership shareholder. If a partnership shareholder has appointed a representative to attend any meeting, he/she shall be deemed to be present in person at the meeting. A partnership shareholder may also execute a form of proxy under the hand of a duly authorized officer.

The power of attorney issued by a shareholder to entrust a proxy to attend the general meeting shall be in writing and include the following contents:

i. the name of the proxy;

ii. whether have the voting right or not;

iii. the instructions which respectively vote consent, objection and abstention over each item to be examined by the shareholders' meeting;

iv. the issuance date and expiry date of the power of attorney;

v. the signature (or seal) of the entrusting party. Where the entrusting party is a shareholder who is not a natural person, the seal of the entity of the entrusting party shall be affixed.

Such a power of attorney shall specify whether the proxy of the shareholder may vote at his/her own discretion if the shareholder does not give specific instructions.

When a shareholders' meeting is convened, all directors and the secretary of the Board shall attend the meeting, while the general manager and other senior management staff shall be present at the meeting.

The shareholders' meeting shall be presided over by the chairman of the Board. If the chairman of the Board is incapable of performing or not performing his/her duties, a director jointly nominated by more than half of directors shall preside over the meeting.

Shareholders' meetings convened by the Audit Committee itself shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is incapable of performing or not performing his/her duties, a member of the Audit Committee jointly nominated by more than half of members of the Audit Committee shall preside over the meeting.

Shareholders' meetings convened by shareholders themselves shall be presided over by the convener or representatives nominated by the convener.

When the shareholders' meeting is convened, if the presider of the meeting violates the rules of procedure and makes it impossible for the shareholders' meeting to continue, with the consent of a majority of the shareholders with voting rights present at the shareholders' meeting, The shareholders' meeting may elect one person to serve as the presider to continue the meeting.

Minutes of shareholders' meetings shall be kept and the secretary of the Board shall be responsible for them. The minutes shall contain the following information:

i. the time, place, agenda and name of the convener of the meeting;

ii. the names of the presider of the meeting and the directors and senior management who attending or present at the meeting;

iii. the number of shareholders and proxies present at the meeting, the total number of voting shares held and the percentage to the total number of shares of the Company;

iv. the deliberation progress, main points of speeches and voting results of each proposal;

v. the shareholders' inquiries or suggestions and the corresponding replies or explanations;

vi. names of the vote counters and poll watchers;

vii. any other matters required by the provisions of the Articles of Association to be recorded in the minutes.

The convener shall ensure that the shareholders' meeting does not end until final resolutions have been concluded. In the event that the shareholders' meeting is adjourned or resolutions cannot be reached due to force majeure or other special circumstances, necessary measures shall be taken to reconvene the meeting as soon as possible or conclude the meeting directly, and the announcement or report shall be timely made in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**].

9. VOTINGS AND RESOLUTIONS AT THE SHAREHOLDERS' MEETING

Resolutions of the shareholders' meeting include ordinary resolutions and special resolutions.

Ordinary resolutions at a shareholders' meeting shall be approved by more than half of the voting rights held by the shareholders (including proxies thereof) attending the shareholders' meeting. Special resolutions at a shareholders' meeting shall be approved by more than two-thirds of voting rights held by the shareholders (including proxies thereof) attending the shareholders' meeting.

The following matters shall be approved by ordinary resolutions at the shareholders' meeting:

i. work report of the Board of Directors;

ii. plans of earnings distribution and loss make-up schemes formulated by the Board of Directors;

iii. appointment and dismissal of members of the Board of Directors, and their remunerations and the method of payment thereof;

iv. annual budgets and final accounts plan of the Company;

v. annual report of the Company;

vi. matters other than those required to be adopted by a special resolution by the laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**], and the provisions of the Articles of Association.

The following matters shall be approved by special resolutions at the shareholders' meeting:

i. the increase or reduction of the registered capital of the Company, or issuance or redemption of other equity interests;

ii. division, merger, dissolution and liquidation of the Company and change in the form of the Company; transactions under liquidation events entered into or carried out by the Company;

iii. amendment to the Articles of Association;

iv. the amount of purchase, disposal of material assets or providing guarantee in one year exceeding 30% of the latest audited total assets of the Company;

v. subject to accumulative calculation principles, guarantee whose amount for a period of any 12 consecutive months exceeds 30% of the latest audited total assets of the Company;

vi. equity incentive plan and employee stock ownership plan or similar plans (including but not limited to increasing the share size of the equity incentive plan);

vii. other matters as required by the laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association, or confirmed by an ordinary resolution at a shareholders' meeting that it may have a material impact on the Company and shall be passed by special resolutions.

Changes in the rights attached to a class of shares shall be approved by the shareholders holding shares of the class to which the relevant rights are attached by way of special resolutions.

Where matters relating to connected (related) transactions are considered at the shareholders' meeting, the connected (related) shareholders shall not be involved in voting, and the number of voting shares they hold shall not be counted in the total number of valid voting and may not exercise the voting rights on behalf of other shareholders. The voting particulars of the non-connected (related) shareholders shall be fully disclosed in the announcement on the resolution of the shareholders' meeting.

In addition to the situation that the Company is in crisis or other special circumstances, the Company shall not enter into contracts with a person (other than a Director, the general manager and other senior management members) in relation to the handover of the administration of all business or the important business of the Company to that person without the approval of the shareholders' meeting by special resolution.

10. DIRECTORS AND BOARD OF DIRECTORS

(1) Directors

Directors of the Company shall be natural persons. The following persons shall not serve as a director of a company:

i. a person without civil capacity or with limited civil capacity;

ii. a person who has been sentenced to criminal punishment for corruption, bribery, embezzlement, misappropriation of property or disruption of the order of the socialist market economy, where less than five years have elapsed since the sentence was served, or who has been deprived of his/her political rights due to criminal offense, where less than five years have elapsed since the sentence was served, or where less than two years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;

iii. a person who has served as a director, factory manager or manager of a company or an enterprise that was bankrupted and liquidated whereby such person assumed personal liability for the bankruptcy of the company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;

iv. a person who was the legal representative of a company or an enterprise whose business license was revoked or which was ordered to be closed down due to its violation of law, and who was personally accountable, where less than 3 years have elapsed since such revocation of business license or closure by order of such company or enterprise;

v. a person who is listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts;

vi. a person who has been banned by the CSRC from the securities market and the ban period has not expired;

vii. other contents stipulated by laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's Shares are [**REDACTED**] or departmental rules.

Where any director is elected or appointed in violation of the provisions in this Article, such election, appointment or employment shall be invalid. Where a director falls under the circumstances above during his/her term of office, the Company shall terminate his/her appointment.

Directors shall comply with laws, administrative regulations and the Articles of Association and undertake the following fiduciary obligations towards the Company:

i. not to abuse his/her position to accept bribes or other illegal income or not to expropriate the Company's property;

ii. not to misappropriate the funds of the Company;

iii. not to deposit the assets or funds of the Company into an account opened in his/her own name or the name of another individual;

iv. not to violate the provisions of the Articles of Association in using the Company's funds to provide a loan or using the Company's property to provide a guarantee to others without the consent of a shareholders' meeting or the Board of Directors;

v. not to accept commissions in connection with the Company's transactions as his/her own;

vi. not to disclose the secrets of the Company without authorization;

vii. not to harm the interests of our Company through the use of his/her connected (related) relationship;

viii. not to enter into contracts or conduct transactions with the Company by the Directors, their close relatives, enterprises directly or indirectly controlled by them, and other connected (related) parties with whom they have a connected (related) relationship in violation of the provisions of the Articles of Association or without the approval of the shareholders' meeting;

ix. not to take advantage of his/her position to seek business opportunities that rightfully belong to the Company for himself/herself or others without the approval of the Board of Directors or the shareholders' meeting, except where such opportunities can be utilized as required by laws, administrative regulations or the Articles of Association, or where the Company is unable to utilize such opportunities;

x. not to engage in or operate, either on his/her own behalf or on behalf of others, any business that competes with the Company without the approval of the Board of Directors or the shareholders' meeting;

xi. any other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's Shares are [**REDACTED**] and the Articles of Association.

Income derived by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

Directors shall comply with laws, administrative regulations, and the Articles of Association and shall undertake the following diligent obligations towards the Company:

i. exercising the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;

ii. treating all shareholders equally;

iii. timely understanding the business operations and management of the Company;

iv. signing written confirmation for the Company's regular reports, to ensure that the information disclosed by the Company is true, accurate and complete;

v. providing the relevant information and materials to the Audit Committee truthfully and not hindering the exercise of functions and powers by the Audit Committee;

vi. other diligent obligations stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's Shares are [**REDACTED**] and the Articles of Association.

(2) The Board of Directors

The Company shall set up a board of directors which shall be accountable to the shareholders' meetings. The Board of Directors consists of seven Directors, of which three are independent non-executive Directors; there shall be one employee representative director to be democratically elected by the employee representative meeting or otherwise. The Board of Directors shall have one chairman.

The Board of Directors shall exercise the following functions and powers:

i. convening shareholders' meetings and reporting its work report at the shareholders' meeting;

ii. to implement the resolutions of the shareholders' meeting;

iii. to determine the operation plans and investment plans of our Company;

iv. to formulate the Company's annual financial budget and final accounts;

v. to formulate the earnings distribution and loss offset plans of our Company;

vi. to formulate plans of the Company regarding the increase or reduction of the registered capital, issuance of bonds or other securities and listing;

vii. to draft proposals for the Company's major acquisition, purchase of the Company's shares or merger, division, dissolving and change in corporate form of the Company;

viii. to decide on, within the scope of authorisation granted by the shareholders' meeting, the Company's external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, connected (related) party transactions, external donations, etc.;

ix. to decide on the setup of our Company's internal management organization;

x. to decide on the appointment or dismissal of the general manager of the Company and the secretary to the Board of Directors and other senior management personnel, and decide on their emoluments, rewards and penalties; to decide on the appointment or dismissal of deputy general manager and senior management personnel including person-in-charge of finance of the Company based on the nominations of the general manager, and decide on their emoluments, rewards and penalties;

xi. to formulate the basic management systems of our Company;

xii. to formulate proposals for any amendment to these Articles;

xiii. to propose to the shareholders' meeting on the appointment or replacement of an accounting firm that provides audit services to the Company;

xiv. to listen to the work report of the general manager of the Company and inspect the work of the general manager;

xv. other functions and powers which are granted by the laws, administrative regulations, departmental regulations, Hong Kong Listing Rules and other regulatory rules of the place where the shares of our Company are [**REDACTED**] and these Articles, or the general shareholders' meeting.

The Company's Board of Directors shall establish the Audit Committee to exercise the powers of the Supervisory Committee as required by the Company Law. Except for the Audit Committee, the Board of Directors shall establish other special committees, including the Nomination Committee, Remuneration and Assessment Committee and Strategy and Sustainable Development Committee. The members of the special committees of the Board of Directors shall be determined by the Board of Directors through election.

The special committee shall be responsible to the Board of Directors and perform its duties in accordance with these Articles and the authorization of the Board of Directors. Proposals shall be submitted to the Board of Directors for deliberation and decision. The members of the special committee shall be all Directors. The specific composition and qualification requirements shall be subject to the provisions of the Company Law and other laws, administrative regulations, departmental regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the shares of our Company are [**REDACTED**]. The Board of Directors shall be responsible for formulating the working procedures of the special committees and regulating the operation of the special committees.

Matters beyond the scope of authority of the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

11. GENERAL MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL

The Company shall have one general manager appointed or dismissed by the Board of Directors.

The Company shall have several deputy general managers appointed or dismissed by the Board of Directors. The Company's manager, deputy manager, person-in-charge of finance and the secretary of the Board of Directors shall be the Company's senior management personnel.

The general manager shall be accountable to the Board and exercise the following functions and powers:

i. to arrange for the implementation of the Company's annual business plans;

ii. to formulate the structure scheme of the internal management agency of our Company;

iii. to formulate the fundamental management system of the Company;

iv. to formulate the specific rules of our Company;

v. to propose to the Board of Directors appointment or dismissal of deputy general manager and person-in-charge of finance;

vi. to review and approve transactions or other matters that do not reach the requirements of laws, regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the shares of our Company are [**REDACTED**] or these Articles that require review by the Company's shareholders' meetings or the Board of Directors;

vii. other functions and powers conferred by these Articles or the Board.

The general managers shall attend meetings of the Board of Directors.

If a senior management personnel in carrying out his/her duties infringes any law, administrative regulation, departmental regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the shares of our Company are [**REDACTED**] or the requirements of these Articles, which results in damage to the Company, he or she shall be liable for compensation.

The Company's senior management personnel shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If a Company's senior management personnel causes damage to the interests of the Company and shareholders due to failure to faithfully perform his or her duties or breach of his or her obligation of good faith, he or she shall bear liability for compensation in accordance with the law.

12. FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

(1) Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the shares of our Company are [**REDACTED**] and the requirements of relevant state departments. The Company shall prepare a financial report at the end of each fiscal year and submit it for examination and verification in accordance with the law.

The financial statements of the Company shall be prepared in accordance with not only PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas listing place. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations, and also in accordance with either international accounting standards or that of the overseas listing place.

Except for statutory accounts books, the Company shall not establish additional accounts books. The Company's assets shall not be deposited in any account opened in the name of any individual.

(2) Profit Distribution

When the Company distributes each year's profit after tax, the Company shall allocate 10% of the after-tax profits as the statutory reserve fund of the Company. Such allocations may be stopped when the statutory reserve fund of the Company has accumulated to above 50% of the registered capital of the Company.

When the Company's statutory common reserve is not sufficient to make up for the losses of the previous years, current year profits shall be used to make up for the losses before allocating the statutory common reserve in accordance with the provisions of the preceding paragraph.

The Company may withdraw discretionary reserve fund from the after-tax profits pursuant to the resolution of the shareholders' meeting after having withdrawn the statutory reserve fund from the after-tax profits.

After the Company has made up for its losses and made allocations to its statutory common reserve, the remaining after-tax profits could be available for distribution in proportion to the number of shares held by the shareholders, unless the shareholders present at the shareholders' meeting agree by more than two-thirds of the votes held by them that the distribution shall not be made in accordance with the proportion of their shareholdings.

Where the Company distributes profits to shareholders in violation of the foregoing provisions, the shareholders shall return the profits distributed in violation of the provisions to the Company; if any loss is caused to the Company, the shareholders and responsible directors and senior management shall be liable for compensation.

The shares of the Company held by the Company are not entitled to profit distribution.

The reserve fund of the Company shall be applied to make up for the Company's losses, expand its business operations or increase its registered capital. The discretionary reserve fund and statutory reserve fund shall be used first to cover the Company's losses; if the losses cannot be covered, the capital reserve fund can be used in accordance with the regulations.

Upon the transfer of the statutory reserve fund into additional registered capital, the balance of the fund shall not be less than 25% of the registered capital of the Company before such transfer.

Upon passing of a resolution on the profit distribution plan by the shareholders' meeting, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within 2 months after the convening of the shareholders' meeting.

The profit distribution policy of the Company is that profit distribution of the Company shall pay due attention to the return of investors, maintain the continuity and stability of the profit distribution policy of the Company while taking into account the long-term interests of the Company, the overall interests of all Shareholders and the sustainable development of the Company, and shall comply with the relevant provisions of the laws, administrative regulations, rules and standardized documents, regulatory rules of the place where the shares of the Company are [**REDACTED**] such as Hong Kong Listing Rules and the Articles of Association.

(3) Internal Audit

The Company shall implement an internal audit system and employ full-time audit personnel to carry out internal audit and supervision on the Company's financial revenue and expenditure and economic activities.

The internal audit system of the Company and the duties of audit personnel shall be implemented upon approval by the Board of Directors. The person in charge of the audit shall be accountable and report to the Board of Directors.

(4) Appointment of Accounting Firm

The Company shall engage an accounting firm compliant with the provisions of the Securities Law, Hong Kong Listing Rules and other laws, administrative rules, regulations, standardized documents, and the regulatory rules of the place where the shares of the Company are [**REDACTED**] for auditing its accounting reports, conducting verification of net asset value and providing other relevant consulting services. The term of engagement shall be one year, which can be renewed if re-engaged.

The appointment or removal of an accounting firm for the Company shall be decided by the shareholders' meeting and shall require the approval of a majority of the valid votes held by all shareholders, and the Board of Directors shall not appoint an accounting firm before the decision of the shareholders' meeting, except as otherwise provided in the Articles of Association.

If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may engage an accounting firm to fill such vacancy before the convening of the shareholders' meeting. The accounting firm so appointed shall hold office only until confirmed by a resolution of the next following annual shareholders' meeting and shall then be eligible for re-election. Any other accounting firm which has been engaged by the Company may continue to act during the period when such a vacancy exists.

Notwithstanding the terms of the contract howsoever entered into between the accounting firm and the Company, the shareholders' meeting may, by ordinary resolution, decide to dismiss any accounting firm prior to the expiration of the term of any accounting firm. With respect to the compensation rights against the Company by the relevant accounting firm due to dismissal shall not be affected thereof.

The Company shall undertake that the accounting vouchers, accounts books, financial accounting reports and any other accounting materials that it provides to the accounting firm are true and complete and it shall not refuse to provide information or conceal information or provide false information.

The auditing fee of the accounting firm shall be determined by the shareholders' meeting.

When the Company dismisses or does not re-appoint an accounting firm, it shall notify the accounting firm by 30 days in advance. The accounting firm shall be entitled to make representations when the shareholders' meeting of the Company votes on the termination of the appointment of the accounting firm.

If an accounting firm resigns from its position, it shall make representations at a shareholders' meeting whether there has been any impropriety on the part of the Company.

Where the relevant laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] have any other provisions in respect of the matters relating to the accounting firm, such provisions shall prevail.

13. NOTICES AND ANNOUNCEMENTS

The notices of the Company (including corporate communication, as defined under Rule 1.01 of the Hong Kong Listing Rules) shall be delivered by the following means:

i. by personal delivery;

ii. by E-mail;

iii. by way of an announcement;

iv. other means stipulated by laws, administrative regulations, departmental rules, Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

14. MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

(1) Merger, division, increase and decrease of Capital

Merger of the Company may take the form of absorption or establishment of a new company.

Where the Company merges with a company in which it holds more than ninety percent of the shares, the merged company is not subject to the approval of the general meeting but shall notify other shareholders of the merger. Such shareholders shall have the right to request the Company to purchase their equity or shares at a reasonable price.

Where the consideration for the merger payable by the Company does not exceed ten percent of the net assets of the Company, the merger is not subject to the approval of general meeting, unless otherwise provided by these Articles.

Any merger of the Company not subject to the approval of general meeting under the preceding two paragraphs shall be subject to the approval and consideration of the Board of Directors.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the merger resolution and shall publish an announcement on

the newspaper(s) recognized by the industry and commerce administrative authorities of the place where the Company is located or National Enterprise Credit Information Publicity System within thirty days from the date of such resolution.

The creditors may, within thirty days as of the receipt of the notice or within forty-five days as of the date of the announcement if it fails to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

In the case of a merger, the credits and debts of the parties involved shall be succeeded by the Company that survives the merger or by the newly established company.

If the Company is divided, its properties shall be divided accordingly.

In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the division resolution and shall publish an announcement on the newspaper(s) recognized by the industry and commerce administrative authorities of the place where the Company is located or National Enterprise Credit Information Publicity System within thirty days from the date of such resolution.

Debts incurred by the Company before its division shall be jointly assumed by the companies after the division, unless it is otherwise prescribed by the Company and the creditors before the division with regard to the clearance of debts in written agreement.

Where the Company needs to reduce its registered capital, a balance sheet and an inventory of assets must be prepared.

The Company shall notify its creditors within ten days from the date of the resolution on the reduction of its registered capital and shall publish an announcement on the newspaper(s) recognized by the industry and commerce administrative authorities of the place where the Company is located or National Enterprise Credit Information Publicity System within thirty days from the date of such resolution. The creditors may, within thirty days as of the receipt of the notice or within forty-five days as of the date of the announcement if it fails to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

The registered capital of the Company after the capital reduction shall not be less than the statutory minimum amount.

Where the loss of the Company cannot be fully covered in accordance with these Articles or Companies Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distribution to its shareholders, nor exempt the shareholders from their obligation to make capital contributions or calls on share.

Where the registered capital is reduced to cover the losses, the Company shall publish an announcement on the newspaper(s) or National Enterprise Credit Information Publicity System within thirty days from the date of the resolution on the reduction of its registered capital at a general meeting.

After reducing its registered capital in accordance with the provisions of the preceding two articles of these Articles, the Company shall not distribute profits until the cumulative amount of its statutory common reserve fund and discretionary common reserve fund reaches fifty percent of its registered capital. In case of illegal profit distribution, the shareholders are required to return the relevant profits; in case of losses caused to the Company, the shareholders and the liable directors and senior management shall be liable for compensation.

Where the merger or division of the Company involves changes in its registered particulars, such changes shall be filed with company registration authorities pursuant to the law. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

Increase or decrease of the registered capital of the Company shall be registered with the company registration authorities in accordance with the laws.

(2) Dissolution and liquidation

The Company dissolves for the following reasons:

i. the term of its operations set down in these Articles has expired or events of dissolution specified in these Articles have occurred;

ii. the general meeting resolves to dissolve the Company;

iii. the Company is dissolved by reason of its merger or division;

iv. the Company is subject to the revocation of business license, a closure order or elimination in accordance with laws;

In the event of occurrence of any cause leading to the dissolution of the Company as stipulated in the preceding paragraph, such dissolution cause shall be published on the National Enterprise Credit Information Publicity System within ten days upon its occurrence.

The Company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the Company, on the grounds that the operation and management of the Company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the Company a cause for significant losses to the interests of shareholders.

Under the circumstances described in items i and ii of the first paragraph above, if no property has been distributed to its shareholders, the Company may continue to exist by amending these Articles or with approval of the general meeting.

The amendments to these Articles or obtaining approval of general meeting in accordance with the provisions described above shall require the approval of more than two-thirds of the voting rights of shareholders attending a general meeting.

If the Company is dissolved pursuant to i, ii, iv or v above, it shall establish a liquidation committee within fifteen days after the dissolution circumstance arises to commence liquidation. Members of the liquidation committee shall be composed of the directors or persons as determined by the general meeting. If no liquidation committee is established after the said timeframe to commence liquidation, the creditors may apply to the people's court for the appointment of relevant persons to establish a liquidation committee to commence liquidation.

During liquidation, the liquidation committee shall exercise the following functions and powers:

i. to clean up the assets of the Company and prepare a balance sheet and an inventory of assets separately;

ii. to notify creditors by sending notice or by making an announcement;

iii. to deal with the outstanding liquidation-related business of the Company;

iv. to pay any tax overdue as well as tax amounts arising from the process of liquidation;

v. to settle claims and debts;

vi. to handle the surplus assets of the Company after its debts have been paid off;

vii. to represent the Company in civil lawsuits.

The liquidation committee shall notify the creditors within ten days from the date of its establishment and shall publish an announcement on the newspaper(s) recognized by the industry and commerce administrative authorities of the place where the Company is located or National Enterprise Credit Information Publicity System within sixty days. The creditors shall declare their creditor's rights to the liquidation committee within thirty days as of the receipt of the notice or within forty-five days as of the date of the announcement if it fails to receive a notice.

Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide evidentiary materials. The liquidation committee shall register the creditor's rights.

Upon liquidation of the Company's property and preparation of the balance sheet and inventory of assets, if the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it shall apply to a people's court for a declaration of bankruptcy in accordance with the laws.

Upon declaration of the Company's bankruptcy pursuant to the ruling of the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

Liquidation of the Company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

15. Amendments to these Articles

Under any of the following circumstances, the Company shall amend these Articles:

i. upon revision of the Company Law or the relevant laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where the securities of the Company are [**REDACTED**], the provisions in these Articles contradict the stipulations of the revised laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where the securities of the Company are [**REDACTED**];

ii. the Company's situation has changed and is inconsistent with the items recorded in these Articles;

iii. the general meeting decides to amend these Articles.

Where any amendment to these Articles resolved by the general meeting is subject to review and approval of competent authorities, the amendment shall be submitted to the competent authorities for approval; where company registration matters are involved, change registration formalities shall be filed pursuant to the law.

The Board of Directors shall amend these Articles in accordance with the resolution of the general meeting on the amendments to these Articles and the approval opinions of relevant competent authorities.

The amendment to these Articles constitutes the information required to be disclosed by the laws and regulations and shall be announced in accordance with regulations.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation of our Company

Our Company was established as a limited liability company in the PRC on December 27, 2019 and was converted into a joint stock limited company on August 16, 2022 under the laws of the PRC. As of the date of this Document, the registered share capital of our Company is RMB1,094,745,156.

Our registered place of business in Hong Kong is at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We [have] been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance. Ms. Ho Wing Tsz Wendy at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" and Appendix III to this Document, respectively.

Changes in the Share Capital of our Company

Save as disclosed in the sections headed "History, Development and Corporate Structure — Major Shareholding Changes in the Company" and "History, Development and Corporate Structure — [**REDACTED**] Investments," there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this Document.

The following sets out the changes in the share capital of the Company's subsidiaries during the two years immediately preceding the date of this Document:

- On October 11, 2023, the registered capital of Hithium Shenzhen increased from RMB30 million to RMB60 million.

- On January 31, 2024, Xiamen Jiamei Home Logistics Service Management Co., Ltd. (廈門市佳美之家後勤服務管理有限公司) was incorporated in the PRC as a subsidiary of our Company with registered capital of RMB2 million.

- On March 8, 2024, Xiamen Haichen Digital Energy Technology Co., Ltd. (廈門海辰數能科技有限公司) was incorporated in the PRC as a subsidiary of our Company with registered capital of RMB50 million.

- On May 9, 2024, Shenzhen Haichen Equal Rights Hero Energy Technology Co., Ltd. (深圳海辰平權英雄能源科技有限公司) was incorporated in the PRC as a subsidiary of our Company with registered capital of RMB30 million.

- On June 4, 2024, Shandong Haichen Green Energy Development Co., Ltd. (山東海辰綠色能源發展有限公司) was incorporated in the PRC as a subsidiary of our Company with registered capital of RMB3 million.

- On June 20, 2024, Shandong Haichen Investment Development Co., Ltd. (山東海辰投資發展有限公司) was incorporated in the PRC as a subsidiary of our Company with registered capital of RMB60 million.

- On October 16, 2024, Haichen Green Energy (Shanghai) Energy Development Co., Ltd. (海辰綠能(上海)能源開發有限公司) was incorporated in the PRC as a subsidiary of our Company with registered capital of RMB30 million.

- On September 6, 2024, the registered capital of Hithium Chongqing increased from RMB1,800 million to RMB2,400 million.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the extraordinary general meeting of our Shareholders in March 2025, it was resolved, among others, and the following was approved:

(a) the issue of H Shares with a nominal value of RMB1.00 each and the [**REDACTED**] of such H Shares on the Stock Exchange;

(b) the number of H Shares to be issued pursuant to the [**REDACTED**], and the grant to the [**REDACTED**] of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) conditional upon the completion of the [**REDACTED**], [**REDACTED**] Unlisted Shares held by certain existing Shareholders will be converted into H Shares;

(d) subject to the completion of the [**REDACTED**], the Articles of Association have been approved and adopted, which shall become effective on the [**REDACTED**], and our Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities; and

(e) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [**REDACTED**].

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this Document and is or may be material:

(a) [**REDACTED**]

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark Registered	Registered Owner	Registration Number	Place of Registration
1. . . .	海 辰 储 能	Our Company	66708369	PRC
2. . . .	海辰储能	Our Company	62890267	PRC
3. . . .	HTHIUM	Our Company	58160557	PRC
4. . . .	HTHIUM	Our Company	1686296	United States
5. . . .	HTHIUM	Our Company	1686296	European Union
6. . . .	HTHIUM	Our Company	1686296	United Kingdom
7. . . .	HTHIUM	Our Company	1686296	Turkey
8. . . .	HTHIUM	Our Company	305997494	Hong Kong
9. . . .	HTHIUM	Our Company	02287846	Taiwan
10. . .	HITHIUM	Our Company	47427287	PRC
11. . .	HITHIUM	Our Company	018262563	European Union

No.	Trademark Registered	Registered Owner	Registration Number	Place of Registration
12...	HITHIUM	Our Company	6480269	United States
13...	HITHIUM	Our Company	UK00003904930	United Kingdom
14...	HITHIUM	Our Company	018867164	European Union
15...	HITHIUM	Our Company	2351797	Australia
16...	HITHIUM	Our Company	2023/156729	Turkey
17...	HITHIUM	Our Company	TM-01-00-20581-24	Saudi Arabia
18...	HITHIUM	Our Company	306567166	Hong Kong

Patents

As of the Latest Practicable Date, we are the owner of the following material patents, details of which are as follows:

No.	Patent Description	Registered Owner	Place of Registration
1. ..	Positive electrode and electrochemical energy storage device (正極極片和電化學儲能裝置)	Our Company	PRC
2. ..	Photonic crystal current collector and preparation method thereof and electrochemical device (光子晶體集流體及其製備方法和電化學裝置)	Our Company	PRC
3. ..	Current collector, battery, current collector preparation method and battery preparation method (集流體、電池、集流體製備方法及電池製備方法)	Hithium Shenzhen Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
4. . .	Negative electrode material and preparation method thereof, negative electrode sheet and battery (負極材料及其製備方法、負極極片及電池)	Our Company	PRC
5. . .	Sodium-tin alloy, negative electrode and preparation method thereof, battery and battery pack (鈉錫合金、負極及其製備方法、電池及電池包)	Hithium Shenzhen Our Company	PRC
6. . .	Energy storage devices and electrical device (儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
7. . .	Energy storage devices and electrical equipment (儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
8. . .	Energy storage devices, energy storage modules and electrical equipment (儲能裝置、儲能模組和用電設備)	Hithium Shenzhen Our Company	PRC
9. . .	Energy storage devices and electrical equipment (儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
10. .	Energy storage devices and electrical equipment (儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
11. .	Battery Pack and Energy Storage System (電池包與儲能系統)	Hithium Shenzhen Our Company	PRC
12. .	Energy storage devices and electrical equipment (儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
13. .	Energy storage devices and electrical equipment (儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
14. .	Converging device and energy storage device (匯流裝置及儲能裝置)	Hithium Shenzhen Our Company	PRC
15. .	Stationary components, containers and energy storage systems (固定組件、集裝箱和儲能系統)	Hithium Shenzhen Our Company	PRC
16. .	Energy storage cabin	Our Company	United States
17. .	Battery module and energy storage device	Hithium Shenzhen Our Company	United States
18. .	Prefabricated energy storage cabin and energy storage system (儲能預制艙及儲能系統)	Hithium Shenzhen Our Company	PRC
19. .	Energy-storage device, electricity-consumption system, and energy-storage system	Hithium Shenzhen Our Company	United States
20. .	Energy storage system and power system (儲能系統及用電系統)	Hithium Shenzhen Our Company	PRC
21. .	Limiting parts, energy storage devices, power consumption systems and energy storage systems (限位件、儲能裝置、用電系統及儲能系統)	Hithium Shenzhen Our Company	PRC
22. .	Connecting structure, battery module, energy storage apparatus, and electronic device	Hithium Shenzhen Our Company	United States
23. .	Battery remaining energy state estimation method and related device (電池剩餘能量狀態估算方法及相關裝置)	Hithium Shenzhen	PRC
24. .	A kind of battery module and energy storage system (一種電池模組及儲能系統)	Hithium Shenzhen Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
25. .	Foil recycling equipment (箔材回收設備)	Our Company	PRC
26. .	End cover assembly, energy storage device and electrical equipment (端蓋組件、儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
27. .	End cover assembly, energy storage device and electrical equipment (端蓋組件、儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
28. .	A kind of top cover assembly, secondary battery, battery module and electrical equipment (一種頂蓋組件、二次電池、電池模組及用電設備)	Hithium Shenzhen Our Company	PRC
29. .	A kind of battery module and an electric device (一種電池模組及用電裝置)	Our Company	PRC
30. .	Battery boxes, battery clusters, energy storage systems and electrical equipment (電池箱、電池簇、儲能系統及用電設備)	Our Company	PRC
31. .	Energy storage devices and electrical equipment (儲能裝置和用電設備)	Our Company	PRC
32. .	A kind of battery module and electrical equipment (一種電池模組及用電設備)	Our Company	PRC
33. .	Lower plastic, top cover assembly and battery (下塑膠、頂蓋組件及電池)	Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
34. .	Seals, end cap assemblies and batteries (密封件、端蓋組件和電池)	Our Company	PRC
35. .	A kind of battery cover structure and battery monomer (一種電池蓋板結構及電池單體)	Our Company	PRC
36. .	Composite sodium supplement material and preparation method, positive electrode sheet, sodium battery, and electrical equipment (複合補鈉材料及製備方法、正極極片、鈉電池、用電設備)	Hithium Shenzhen Our Company	PRC
37. .	Liquid-cooling device, liquid-cooling device control method and energy storage system (液冷裝置、液冷裝置控制方法及儲能系統)	Hithium Shenzhen Our Company	PRC
38. .	Power balancing method, device, computer equipment and storage medium (電量均衡方法、裝置、計算機設備和存儲介質)	Hithium Shenzhen	PRC
39. .	Negative electrode composite material and preparation method thereof, negative electrode sheet and battery (負極複合材料及其製備方法、負極極片及電池)	Hithium Shenzhen Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
40. .	Negative electrode composite material and preparation method thereof, negative electrode sheet and battery (負極複合材料及其製備方法、負極極片及電池)	Hithium Shenzhen Our Company	PRC
41. .	Method for determining uniform distribution of positive electrode sheet and sodium supplement particles and energy storage device (正極片、補鈉顆粒分布均勻的確定方法及儲能裝置)	Hithium Shenzhen Our Company	PRC
42. .	Method for determining uniform distribution of positive electrode sheet and sodium supplement particles and energy storage device (正極片、補鈉顆粒分布均勻的確定方法及儲能裝置)	Hithium Shenzhen Our Company	PRC
43. .	Method for determining uniform distribution of positive electrode sheet and sodium supplement particles and energy storage device (正極片、補鈉顆粒分布均勻的確定方法及儲能裝置)	Hithium Shenzhen Our Company	PRC
44. .	Positive electrode and preparation method thereof, energy storage device and power consumption device (正極極片及其製備方法、儲能裝置和用電裝置)	Hithium Shenzhen Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
45. .	Positive electrode and preparation method thereof, energy storage device and power consumption device (正極極片及其製備方法、儲能裝置和用電裝置)	Hithium Shenzhen Our Company	PRC
46. .	Sodium supplement composition, positive electrode sheet and preparation method thereof, and sodium ion battery (補鈉組合物、正極極片及其製備方法、鈉離子電池)	Hithium Shenzhen Our Company	PRC
47. .	Battery base plate and battery (電芯底托板及電池)	Hithium Shenzhen Our Company	PRC
48. .	Energy storage devices and electrical equipment (儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
49. .	Positive electrode and preparation method thereof, energy storage device and power consumption device (正極極片及其製備方法、儲能裝置和用電裝置)	Hithium Shenzhen Our Company	PRC
50. .	End cover unit, energy storage device and electrical equipment (端蓋單元、儲能裝置及用電設備)	Hithium Shenzhen Our Company	PRC
51. .	A kind of liquid-cooling plate and battery module (一種液冷板和電池模組)	Our Company	PRC
52. .	Firefighting method and system for energy storage, and storage medium	Hithium Shenzhen Our Company	United States

No.	Patent Description	Registered Owner	Place of Registration
53. .	Energy storage device, power system and energy storage system (儲能裝置、用電系統及儲能系統)	Hithium Shenzhen Our Company	PRC
54. .	Positive electrode sheet and preparation method thereof, energy storage device, and electrical equipment (正極極片及其製備方法、儲能裝置、用電設備)	Hithium Shenzhen Our Company	PRC
55. .	Linkage control system and linkage control method for battery clusters	Hithium Shenzhen Our Company	United States
56. .	A kind of positive electrode sheet, energy storage device and electrical equipment (一種正極極片、儲能裝置及用電設備)	Our Company	PRC
57. .	Container (集裝箱)	Our Company	PRC
58. .	Output pole components, battery modules, energy storage devices and electrical equipment (輸出極組件、電池模組、儲能裝置及用電設備)	Our Company	PRC
59. .	Positive electrode materials, positive electrode sheets, electrode assemblies, energy storage devices and electrical equipment (正極材料、正極極片、電極組件、儲能裝置和用電設備)	Our Company	PRC
60. .	Material crushing device (物料破碎裝置)	Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
61. .	A kind of top cover assembly, battery cell, battery cell assembly method and electrical equipment (一種頂蓋組件、電池單體、電池單體的裝配方法及用電設備)	Our Company	PRC
62. .	Positive electrode sheet and battery preparation method (正極極片及電池的製備方法)	Our Company	PRC
63. .	A kind of energy storage device and electrical equipment (一種儲能裝置及用電設備)	Our Company	PRC
64. .	Recovery device (回收裝置)	Our Company	PRC
65. .	Fire Fighting System Based on Multi-CPU (基於多CPU的消防系統)	Our Company	PRC
66. .	A kind of material crushing device and material processing system (一種物料粉碎裝置和物料處理系統)	Our Company	PRC
67. .	Busbar and battery module (匯流排及電池模組)	Our Company	PRC
68. .	Control device, control method, storage medium and energy storage system (控制裝置、控制方法、存儲介質及儲能系統)	Our Company	PRC
69. .	Energy storage container (儲能集裝箱)	Our Company	PRC
70. .	Battery bracket and energy storage device (電池支架及儲能裝置)	Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
71. .	A kind of battery electrode recycling device and recycling method (一種電池電極的回收設備及回收方法)	Our Company	PRC
72. .	Energy storage device (儲能裝置)	Our Company	PRC
73. .	A kind of battery recycling winding device (一種電池回收卷繞裝置)	Xiamen Hithium New Material Technology Co., Ltd. (廈門海辰新材料科技有限公司)	PRC
74. .	Energy storage fire fighting method and system, battery management system and storage medium (儲能消防方法和系統、電池管理系統及存儲介質)	Hithium Shenzhen Our Company	PRC
75. .	Positive electrode sheet and preparation method thereof (正極極片及其製備方法)	Our Company	PRC
76. .	A kind of energy storage power supply fire protection system, control method and readable storage medium (一種儲能電源消防系統、控制方法以及可讀存儲介質)	Our Company	PRC
77. .	Wiring harness isolation plate assembly and battery module (線束隔離板組件及電池模組)	Hithium Shenzhen Our Company	PRC
78. .	Wiring harness isolation plate and battery module (線束隔離板及電池模組)	Our Company	PRC
79. .	Electrolyte, battery, electrical equipment (電解液、電池、用電設備)	Our Company	PRC
80. .	Isolation board assembly and battery module (隔離板組件及電池模組)	Our Company	PRC

No.	Patent Description	Registered Owner	Place of Registration
81. .	Support plate assembly for container and container (用於集裝箱的支撐板組件以及集裝箱)	Our Company	PRC
82. .	A kind of method for recycling electrode plates (一種電極極片的回收方法)	Our Company	PRC
83. .	Lithium ion battery cell and preparation method thereof and lithium ion battery (鋰離子電池電芯及其製備方法和鋰離子電池)	Our Company	PRC
84. .	Positive electrode slurry, positive electrode sheet and lithium battery (正極漿料、正極極片和鋰電池)	Our Company	PRC
85. .	Temperature control method, temperature control system, and computer readable storage medium (調溫方法、調溫系統、計算機可讀存儲介質)	Our Company	PRC
86. .	Control method and device, energy storage system and non-volatile computer-readable storage medium (控制方法及裝置、儲能系統及非易失性計算機可讀存儲介質)	Our Company	PRC
87. .	Lithium-ion battery electrolyte and lithium-ion battery (鋰離子電池電解液和鋰離子電池)	Our Company	PRC
88. .	Electrolyte, electrochemical device and electronic device (電解液、電化學裝置及電子裝置)	Our Company	PRC

Copyrights

As of the Latest Practicable Date, we are the owner of the following copyrights which we consider to be material to our business:

No.	Copyright Name	Registered Owner	Place of Registration
1. . .	Hithium Digital Energy Management Platform (海辰數字能源管理平台)	Our Company	PRC
2. . .	Hithium Digital Energy Economic Model Software (海辰數字能源經濟模型軟件)	Our Company	PRC
3. . .	Hithium TVC Data Management Platform (海辰TVC數據管理平台)	Our Company	PRC
4. . .	Container energy storage monitoring operation mode power control components (集裝箱儲能監控運行模式功率控制組件)	Our Company	PRC
5. . .	Hithium Capacity Profit Model Platform (海辰容量利潤模型平台)	Our Company	PRC
6. . .	MCS Material Calculation Platform Software (MCS材料計算平台軟件)	Our Company	PRC
7. . .	Energy Storage Battery Life Data Storage and Visualization System (儲能電池壽命數據存儲與可視化系統)	Our Company	PRC
8. . .	Haichuang Xingzhi QMS Quality Management System (海創星智QMS質量管理系統)	Xiamen Haichuang Xingzhi Technology Co., Ltd. (廈門海創星智科技有限公司) ("**Haichuang Xingzhi**")	PRC

No.	Copyright Name	Registered Owner	Place of Registration
9. . .	Haichuang Xingzhi MES Manufacturing Execution System (海創星智MES製造執行系統)	Haichuang Xingzhi	PRC
10. .	Haichuang Xingzhi SPC Process Statistics System (海創星智SPC過程統計系統)	Haichuang Xingzhi	PRC
11. .	Haichuang Xingzhi Manufacturing Digital Operation Platform (海創星智製造數字化運營平台)	Haichuang Xingzhi	PRC
12. .	Haichuang Xingzhi Manufacturing IOT Data Collection Platform Software (海創星智製造IOT數據採集平台軟件)	Haichuang Xingzhi	PRC
13. .	Haichuang Xingzhi AI Process-assisted Analysis System (海創星智AI工藝輔助分析系統)	Haichuang Xingzhi	PRC
14. .	Haichuang Xingzhi KITC process analysis software (海創星智KITC工藝分析軟件)	Haichuang Xingzhi	PRC

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1. . .	hithium.com	Our Company	July 7, 2026
2. . .	hithium.cn	Our Company	March 7, 2026
3. . .	hithium.net	Our Company	March 18, 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

Interests of our Directors, Supervisors and chief executive in the Company and our associated corporations

Save as disclosed in the section headed "Substantial Shareholders" and below, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

		As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding in our total share capital	Number of Shares	Approximate percentage of shareholding in the Unlisted Shares/ H Shares	Approximate percentage of shareholding in our total share capital
Mr. Wu[(1)(2)]	Interest in controlled corporation	368,500,000	33.66%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
				[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%
Pang Wenjie[(2)]	Interest in controlled corporation	50,000,000	4.57%	[**REDACTED**] Unlisted Shares (L)	[**REDACTED**]%	[**REDACTED**]%
				[**REDACTED**] H Shares (L)	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) Hithium Technology is held by Zhuhai Haiheng as to 73.31% and Mr. Wu is the general partner of Zhuhai Haiheng, therefore, Mr. Wu and Zhuhai Haiheng are both deemed to be interested in the Shares held by Hithium Technology in our Company under the SFO.

(2) Hithium Zhicheng is held as to approximately (i) 0.001% by Mr. Pang Wenjie (龐文傑), our executive Director and deputy general manager, as general partner; and (ii) 49.00% by Mr. Wu as a limited partner. Therefore, Mr. Pang Wenjie and Mr. Wu are both deemed to be interested in the Shares held by Hithium Zhicheng in our Company under the SFO.

Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders," immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Directors are not aware of any other person (not being a Director, Supervisor or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholders in other members of our Group

So far as the Directors are aware, the following persons (other than our Company, and any subsidiaries of our Group) are entitled to exercise, or control the exercise of, 10% or more of voting power at the general meetings of other members of our Group:

Name of the subsidiary	Name of shareholder	Percentage of interest in the subsidiary
		(%)
Haichuang Xingzhi	Qiu Xiangrong (邱向榮)	15
Hithium Chongqing	Chongqing Penglong Equity Investment Fund Partnership Enterprise (L.P.) (重慶鵬龍股權投資基金合夥企業(有限合夥))[(1)]	26.78
	Chongqing Haitong Fenghe Energy Storage Industry Private Equity Investment Fund Partnership Enterprise (L.P.) (重慶海銅峰和儲能產業私募股權投資基金合夥企業(有限合夥))[(1)]	22.22

Note:

(1) Please refer to notes under the section headed "History, Development and Corporate Structure — Shareholding and Corporate Structure Immediately Prior to the Completion of the [**REDACTED**]."

Particulars of Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors [has] entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 12 to the Accountants' Report set out in Appendix I to this Document, for the three years ended December 31, 2024 and the six months ended June 30, 2025, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

Disclaimers

(a) save as disclosed in the section headed "Substantial Shareholders" and this section, none of our Directors, Supervisors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**] on the Stock Exchange;

(b) save as disclosed in the section headed "Substantial Shareholders," none of our Directors or Supervisors is aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group for each year/period during the Track Record Period; and

(d) none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

The promoters of the Company are shareholders of our Company as of August 16, 2022 immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [**REDACTED**] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
ABCI Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) as defined under the SFO
BOCI Asia Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) as defined under the SFO
Grandway Law Offices	Legal adviser to our Company as to PRC law (including as to PRC litigation laws)
Tian Yuan Law Firm	Legal adviser to our Company as to non-compete matter and PRC intellectual property laws
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditor
China Insights Industry Consultancy Limited	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to "Qualifications of Experts" of this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the Joint Sponsors' fees payable by us to the Joint Sponsors in respect of their services as sponsors in connection with the [**REDACTED**] on the Stock Exchange is RMB8.5 million.

Binding Effect

This Document shall have the effect, if an [**REDACTED**] is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) except in connection with our A share listing application as disclosed in the section headed "History, Development and Corporate Structure" and the [**REDACTED**], within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) save as disclosed in the section headed "Regulatory Overview," there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to [**REDACTED**] on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contract" in Appendix IV to this Document; and

(b) the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.hithium.com** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025;

(d) the report from Deloitte Touche Tohmatsu on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this Document;

(e) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract";

(f) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Consents of Experts";

(g) the service contracts and letters of appointment referred to in "Appendix IV — Statutory and General Information — Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders — Particulars of Directors' and Supervisors' Service Contracts";

(h) the legal opinions issued by Grandway Law Offices, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law and matters involving PRC litigation laws;

(i) the legal opinions issued by Tian Yuan Law Firm, our legal adviser as to non-compete laws and PRC intellectual property laws, in respect of the non-compete matter and intellectual property of our Group;

(j) the industry report issued by China Insights Industry Consultancy Limited referred to in "Industry Overview"; and

(k) a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures.