

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks, some of which are beyond our control. Other risks and uncertainties that we are not currently aware of or that are not disclosed or implied below, or which we do not currently believe to be material, may also be detrimental to our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section. The [REDACTED] price of our H Shares may decline due to any of these risks, and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Demand in the market in which we operate is constantly evolving, and any slowdown or decrease in downstream demand may have a material impact on us.

Our products are primarily used in power batteries and energy storage batteries, which are ultimately applied primarily in NEV and ESS applications. Accordingly, market demand for our products is closely linked to market demand for power batteries and energy storage batteries and their end applications. Demand for such batteries is influenced by a range of factors, including but not limited to macroeconomic conditions, end-user preferences, overall cost-effectiveness, technological developments, regulatory requirements and the availability and maturity of supporting infrastructure, and any adverse changes in such factors may have a significant impact on our revenue.

If we fail to maintain our technological leadership and adapt to changing customer requirements, the competitiveness of our products and our results of operations may be adversely affected.

The phosphate-based cathode material industry is undergoing rapid development, with continuous emergence of technological innovations. Our ability to maintain our competitive position depends on our ability to anticipate industry trends, continuously improve our product performance and optimize our manufacturing processes, and successfully develop and industrialize new products and technologies, thereby meeting customers’ diversified requirements. The development and industrialization of new products and technologies require significant investments, and there can be no assurance that our efforts will be successful, or that our new products will achieve market acceptance. If we fail to respond effectively to technological developments or diversified customer requirements, our products may become less competitive, and our customers may reduce their purchases from us; in addition, advances in battery technologies or the commercialization of substitute materials may reduce the market demand for phosphate-based cathode materials, and if alternative technologies or products become more widely adopted, market demand for our products could decline. Any of the foregoing may adversely affect our business, financial condition, results of operations and prospects.

Price fluctuation and inadequate supply of raw materials for our production could adversely affect our business, financial condition and results of operations.

The principal raw materials used in our production include phosphorus source, iron source and lithium source (primarily lithium carbonate), together with other auxiliary materials. The supply and prices of these materials may fluctuate due to a number of factors beyond our control, including but not limited to the availability of upstream mining resources, market supply and demand, potential speculative activities, market disruptions and natural disasters. Historically, we experienced significant price

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fluctuations of our key raw materials for our production. See “Industry Overview — Overview of the Global Lithium-ion Battery Phosphate-based Cathode Materials Industry — Raw Material Analysis of Global Phosphate-based Cathode Materials Industry.”

Our ability to pass through increased raw material costs to downstream customers may be limited. The above-mentioned price fluctuations and changes in supply of raw materials required for production may affect our procurement costs and production activities, and may adversely affect our business, financial condition and results of operations.

Our business faces competition.

The phosphate-based cathode material industry is highly competitive. Our existing and potential competitors may seek to increase their market share through measures such as investing in R&D, expanding production capacity and conducting aggressive marketing activities. Our competitors may also attempt to acquire customers or increase their sales volume through price reductions. Competitive pressures may adversely affect the demand for and pricing of our products, thereby affecting our growth and market share. If we fail to respond effectively to competition, we may not be able to maintain our market share, which could adversely affect our business, results of operations and financial condition.

We may face risks if there are quality issues with our products.

Phosphate-based cathode materials have a material impact on the performance of lithium-ion batteries, and hence the product quality is of significant importance. We are always highly committed to product quality and safety, considering them vital to our operation. Our products not only need to meet stringent quality specifications but also to maintain stable quality across different production batches. Any quality issues with our phosphate-based cathode materials could affect the performance of our customers’ products, causing us to lose customers and/or orders, and affect our market position. In severe cases, we may need to recall our products or take other measures. In addition, third parties who have suffered losses may bring claims or legal proceedings against us. Any of these events could have an adverse impact on our brand and reputation. We have established quality management and risk control systems. We did not experience any major product quality issues during the Track Record Period. However, given that product quality control involves complex processes and may be difficult to manage, we cannot guarantee that our products will not experience any material quality issues.

We are subject to customer concentration risk during the Track Record Period.

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, revenue from our five largest customers accounted for 96.1%, 81.4%, 71.3% and 63.6% of our total revenue, respectively, while revenue from our largest customer accounted for 41.0%, 31.1%, 29.7% and 27.6% of our total revenue, respectively.

The high proportion of revenue contributed by our five largest customers was primarily attributable to the high concentration of the downstream battery industry. Our major customers may reduce, delay or terminate their purchases from us for reasons beyond our control, including but not limited to changes in business strategies, financial condition, procurement policies or demand for products. Any deterioration in our relationships with these customers, or any failure by them to make timely payments, could also adversely affect our sales and cash flows. We cannot assure you that we will be able to maintain or improve our relationships with our major customers, or that we will be able to reduce customer concentration in the future. If any of our major customers significantly reduces or ceases their purchases from us, and we are unable to replace such revenue in a timely manner, our business, financial condition and results of operations may be adversely affected.

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We are subject to risks of product concentration and our product development efforts may not be successful.

We derived the majority of our revenue from sales of phosphate-based cathode materials during the Track Record Period. In the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, revenue generated from the sales of phosphate-based cathode materials accounted for 99.4%, 98.3%, 97.9%, 98.4% and 98.3% of our total revenue, respectively. Therefore, market acceptance of our phosphate-based cathode materials is critical to our future success. Any adverse changes in the demand for or prices of these products could have a material adverse effect on our business, financial condition and results of operations. Any failure to successfully develop, launch and market our new businesses and products could impair our ability to recover our investments, which in turn may materially and adversely affect our business, financial condition and results of operations.

If we are unable to maintain high utilization of our production facilities, our profitability may be adversely affected.

If we do not receive sufficient orders from our customers to effectively utilize our production facilities, we may experience low capacity utilization or over-capacity at our production bases, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new production bases or expansion of any existing facilities and maintenance of expanded production capacity.

Failure to effectively execute capacity expansion plans and to upgrade production lines may materially and adversely affect our business, financial condition and results of operations.

Our ability to expand our production capacity and upgrade our production lines to meet customer demand has a significant impact on the growth of our business scale and our profitability. The implementation of our expansion plans involves significant capital expenditures and operational complexity, including the construction of new facilities, procurement and installation of equipment, and recruitment and training of personnel. The execution of such plans is subject to various risks, including but not limited to insufficient funding, delays in construction or equipment delivery, difficulties in equipment installation, and challenges in implementing new production processes. Any failure or delay in executing our expansion plans would limit our ability to increase production capacity and respond to market demand. Our expansion plans may result in increased fixed costs, and there is no assurance that market demand will be sufficient to support the expanded capacity or deliver expected returns. We may experience underutilization of our production facilities as a result of demand falling short of expectations, which would adversely affect our cost efficiency and profitability. We may also be unable to recover the capital invested in new or expanded facilities.

In addition, we have entered, and may in the future enter, into agreements for our expansion plans. Any delay or cancellation of our expansion plan or any failure to fulfill related commitments could also subject us to penalties or disputes with various counterparties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any disruption to the operations of our production facilities could materially and adversely affect our business, financial condition and results of operations.

Our manufacturing operations are conducted primarily at our production bases in Hunan, Sichuan, Guizhou and Yunnan, and our mining operations are conducted at our phosphate mines in Guizhou. The operations of these facilities are subject to disruption from a variety of factors, including but not limited to fires, explosions, floods, earthquakes, typhoons, power outages, mechanical or equipment failures, telecommunications disruptions, regulatory developments, and the revocation or non-renewal of required licenses, certifications or permits. The occurrence of any such events could interrupt our production, reduce or halt our production capacity and impair our ability to deliver products to customers in a timely manner.

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Our manufacturing and mining operations also involve inherently hazardous activities, including but not limited to the use of hazardous chemicals, high-temperature production processes, heavy machinery, specialized equipment and other industrial facilities, as well as the handling and storage of gases and other hazardous substances. As a result, we are exposed to workplace safety and operational risks, including but not limited to industrial accidents, fires, explosions, hazardous material leakages, equipment failures and accidents occurring in hazardous working environments, which may result in personal injury or loss of life, property damage, environmental pollution and production interruptions. We are also subject to extensive laws and regulations relating to workplace safety, environmental protection and the handling and storage of hazardous substances. Any failure to comply with such laws and regulations may result in regulatory investigations, administrative penalties, suspension of operations, compensation claims, legal liabilities and reputational damage.

We have experienced workplace safety and fire safety incidents in the past. See “Business — Legal Proceedings and Compliance — Compliance Matters — Regulatory Proceedings.” Although we have implemented remedial measures to strengthen our safety management systems, internal controls and operational procedures, we cannot assure you that similar incidents or other disruptions will not occur in the future. Any significant disruption to the operations of our production facilities or workplace safety incident could reduce or halt our production capacity, delay or prevent the fulfillment of customer orders, result in the loss of customers or revenue, and materially and adversely affect our business, financial condition, results of operations and prospects.

Our vertically integrated operation involves our proprietary mining assets, and any disruption to our mining operations or failure to successfully develop our mining resources could materially and adversely affect our business.

As part of our vertically integrated operation, we hold mining rights to phosphate mines, which were under development as of the Latest Practicable Date. Our proprietary mining assets are expected to enhance the security of our raw material supply, improve cost competitiveness and reduce our exposure to fluctuations in the supply and prices of certain raw materials. However, our mining operations are subject to risks inherent in the mining industry, including but not limited to adverse geological conditions, lower-than-expected mineral grades or recoverable reserves, equipment failures, workplace safety incidents, adverse weather conditions, flooding, environmental and ecological issues, labor shortages, interruptions to utilities or transportation, and changes in applicable laws, regulations or government policies. The occurrence of any of these events may disrupt or suspend our mining operations, increase our production costs or reduce the availability of raw materials for our downstream production.

In addition, mine development is capital-intensive and involves significant technical, operational and regulatory uncertainties. The development and commencement of commercial production may be delayed by permitting requirements, construction delays, unforeseen geological conditions, cost overruns, equipment failures or other factors beyond our control. There can be no assurance that our mining assets will achieve the expected production capacity, recovery rates, operating costs or economic returns, or that additional mineral resources can be identified or economically developed in the future. If our mining operations are disrupted or our mining assets fail to achieve their expected performance, our production, financial condition, results of operations and prospects could be materially and adversely affected.

We have incurred net operating cash outflows during the Track Record Period, and we may continue to incur net operating cash outflows in the future.

We recorded net cash inflows from operating activities of RMB501.2 million in 2023, and net cash outflows from operating activities of RMB1,042.2 million, RMB1,546.3 million, RMB530.8 million and RMB1,044.9 million for 2024 and 2025, and for the three months ended March 31, 2025 and 2026, respectively. Our net operating cash outflows were primarily attributable to bank acceptance note settlement arrangement. During the relevant period, a substantial portion of our sales was settled by bank acceptance notes and electronic debt certificates received from customers. We subsequently endorsed and transferred some of these notes to settle payments for purchases of long-term assets, instead of holding them to maturity and collecting the proceeds as operating cash inflows. Accordingly, these arrangements

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reduced our operating cash inflows reported in our consolidated statements of cash flows during the relevant periods. Our payment cycles to our suppliers may not coincide with our collection cycles from our customers. In addition, any significant increase in our inventory levels may also adversely affect the cash we generate from operating activities. Our future liquidity position will depend on various factors, including but not limited to our ability to improve our operational efficiency, expand our business, increase revenue, manage our costs and expenses, and maintain sufficient working capital. We may record cash outflows from operating activities in the future.

In the event that we are unable to generate sufficient cash flow from operations or obtain sufficient financing to support our business operations, our liquidity, financial condition and ability to execute our business plans may be materially and adversely affected. If we seek additional financing to satisfy our funding requirements, we may incur additional financing costs, and there can be no assurance that we will be able to obtain such financing on terms acceptable to us, or at all. If we are unable to improve our cash flow position or maintain sufficient working capital, our ability to expand our business, raise capital, continue our operations and maintain the value of our Shares may be adversely affected.

Failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to miss sales.

In order to operate our business effectively and meet our customers’ demands and requirements, 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, 2023, 2024 and 2025 and March 31, 2026, we had inventories of RMB1,324.9 million, RMB2,798.4 million, RMB3,628.7 million and RMB5,112.1 million, respectively. We determine our level of inventory based on our experience, the number of orders from customers, our assessment of customer demand and fluctuations in prices of raw materials. However, such assessment is inherently uncertain, and the demand for our products as well as the prices of raw materials and our products may fluctuate significantly between the time inventory is procured or produced and the time it is sold.

We cannot assure you that we will always be able to maintain optimal inventory levels. If we fail to accurately assess customer demand, we may experience inventory shortages or excess inventory. Inventory levels in excess of demand, a significant decline in the market prices of our products or raw materials, or adverse changes in the market value of our inventories, may result in inventory write-downs or write-offs or require us to sell our products at reduced prices, which could adversely affect our profitability. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

We are subject to credit risk in collecting trade and bills receivables due from customers.

Our trade receivables represent amounts due from customers for sales of goods in the ordinary course of business. Our bills receivables represent payments from customers through bills of acceptance. As of December 31, 2023, 2024 and 2025, and March 31, 2026, our trade and bills receivables amounted to RMB4,999.7 million, RMB6,051.7 million, RMB9,303.2 million, and RMB12,094.8 million respectively. Our trade receivables turnover days were 48 days, 80 days, 63 days and 49 days in 2023, 2024 and 2025 and for the three months ended March 31, 2026.

There is no assurance that all such amounts will be settled on time or at all, and we are subject to credit risk in collecting the trade and bills receivables due from customers. Our performance, liquidity and profitability may be adversely affected if amounts due to us are not settled on time or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

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Our business and operations require significant capital resources on an ongoing basis and are subject to uncertainties.

We operate in capital-intensive industries and require substantial capital expenditures and other long-term investments, including but not limited to expenditures for maintaining our production facilities, machinery and equipment, as well as constructing, operating and expanding our production facilities, acquiring equipment, and developing new technologies and products. In 2023, 2024 and 2025 and for the three months ended March 31, 2026, our capital expenditures were RMB5,360.8 million, RMB3,906.8 million, RMB5,302.9 million and RMB1,218.2 million, respectively.

If we are unable to obtain adequate financing on reasonable terms, our ability to maintain or expand our production capacity, pursue acquisitions, develop new technologies and products, or otherwise execute our business strategies may be adversely affected. We cannot assure you that we will not experience increased working capital needs in the future or that the costs and expenses associated with our expansion plans will be offset by corresponding increases in revenue. Any significant increase in working capital requirements or failure to effectively manage our expansion-related costs could adversely affect our liquidity, business, financial condition, results of operations and prospects.

Our level of indebtedness may adversely affect our ability to raise additional capital to fund our operations, expose us to interest rate risk on our floating-rate debt and prevent us from meeting our obligations under our indebtedness.

During the Track Record Period, we relied on a certain extent on bank and other borrowings to finance our capital expenditures and business operations. We expect that we may continue to finance our business through bank loans in the future. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our interest-bearing bank loans and other borrowings amounted to approximately RMB4,611.9 million, RMB7,530.8 million, RMB11,945.8 million and RMB12,823.2 million, respectively. As of the same dates, our gearing ratio was 57.8%, 61.6%, 66.9% and 61.2%, respectively.

We cannot assure you that we will not maintain a substantial level of bank loans in the future. Our level of bank loans and gearing ratio may: (i) make it more difficult for us to satisfy our obligations under our indebtedness, exposing us to the risk of default, which may adversely affect our ability to continue as a going concern; (ii) require us to allocate a greater portion of our cash flows from operations toward the repayment of principal and interest on our borrowings, thereby reducing the availability of our cash flows for other purposes, such as working capital, capital expenditures and other corporate purposes; (iii) increase our vulnerability to adverse economic or industry conditions; (iv) limit our flexibility in planning for, or responding to, changes in our business or the industry in which we operate; (v) restrict our ability to pursue potential strategic business opportunities; (vi) limit our ability to obtain additional financing; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as insufficient cash flows to cover potential product liability expenses and/or costs associated with upgrading technologies or equipment required for our production; and (ix) limit our sales growth or expansion plans, as our marketing and sales expenditures may be constrained due to our repayment obligations.

As a result of the covenants and restrictions contained in our financing arrangements, we may be subject to limitations on the manner in which we conduct our business. Such restrictions may prevent us from raising additional debt or equity financing to compete effectively or take advantage of new business opportunities. Our existing or future borrowings may increase our financial risk, and to the extent that interest rates increase or our borrowings are refinanced at higher interest rates, our available cash flows and results of operations may be adversely affected. The terms of any future indebtedness we incur may contain more restrictive covenants. Any breach of such covenants could result in an event of default under the relevant indebtedness. Upon the occurrence of a default, the relevant lenders may demand immediate repayment of outstanding amounts. Such default may also trigger cross-default provisions or acceleration of repayment obligations under our other indebtedness. If some or all of our debts become immediately due and payable, we may not have sufficient funds to repay such indebtedness or may be unable to refinance such obligations.

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Our hedging strategy may not adequately protect us from commodity price risks, and our commodity futures hedging activities expose us to additional risks.

Our business is exposed to volatility in the price of lithium carbonate, a key raw material. We have established a price linkage mechanism under our customer purchase orders that allows us to pass on a substantial portion of the changes in the price of lithium carbonate downstream. As a supplementary risk management measure, we adopt various strategies, including conducting commodity futures hedging activities by trading lithium carbonate futures contracts on Guangzhou Futures Exchange. See “Business — Warehousing, Logistics and Inventory Management — Inventory Management.”

Our hedging activities may not fully eliminate our exposure to lithium carbonate price volatility and could adversely affect our results of operations as a result of significant fluctuations in futures prices, limited market liquidity, operational or execution risks, system or communication failures, and changes in applicable laws, regulations, policies or futures exchange trading rules, any of which may result in losses or otherwise limit the effectiveness of our hedging strategies. Our historical hedging performance may not be indicative of the future performance of our hedging operations, as market conditions and regulatory environments may change. Our inability to effectively manage risks associated with potential hedging activities may have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

A substantial portion of our revenue and cost of sales is denominated in RMB. However, as we also operate part of our business overseas, and have certain sales and purchases denominated in foreign currencies, we are exposed to foreign exchange risks arising from fluctuations in the exchange rates between RMB and other currencies, primarily USD and EUR.

Our revenue from overseas sales amounted to RMB6.7 million, RMB12.3 million, RMB284.5 million and RMB500.2 million in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively, representing 0.0%, 0.1%, 0.8% and 3.3% of our total revenue during the respective periods. Certain of our overseas sales are denominated in foreign currencies, primarily including USD and EUR. Fluctuations in exchange rates may affect the value of our foreign currency-denominated revenue and expenses when translated into RMB and could result in foreign exchange gains or losses, which may adversely affect our results of operations and financial condition. Although we may from time to time adopt measures to manage our foreign exchange exposure, we cannot assure you that such measures will be effective in mitigating the impact of exchange rate fluctuations.

The exchange rates between RMB and foreign currencies are affected by factors beyond our control, including but not limited to changes in economic and political conditions, monetary and fiscal policies, trade policies and market conditions in the PRC and internationally. We cannot predict how these factors may affect the exchange rates. Any significant appreciation of RMB against foreign currencies could reduce the competitiveness of our products in overseas markets and the RMB value of our foreign currency-denominated revenue, while any significant depreciation of RMB against foreign currencies could increase the cost of our foreign currency-denominated purchases and other expenses.

In addition, if we decide to convert our RMB into Hong Kong dollars for dividends payment on our H Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our H Shares.

We could be subject to changes in our tax rate policies.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax

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laws and regulations in China may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in China and tax penalties or fines could affect our businesses, financial condition and results of operations.

Our PRC subsidiaries are subject to the PRC enterprise income tax at a standard rate of 25% on their taxable income. However, several of our PRC subsidiaries qualified for preferential income tax rates ranging from 9% to 20% during the Track Record Period based on the existing legislation, interpretations and practices in respect thereof.

If we are unable to manage our business expansion effectively and our business, financial condition and results of operations may be adversely affected.

Our continued growth places significant demands on our operational, financial and management resources. To manage our growth effectively, we must expand our production capacity, enhance our supply chain, develop and upgrade our products, strengthen our internal controls and systems, and recruit and retain qualified personnel. These initiatives require substantial investment and effective execution. Our existing systems, infrastructure and management processes may not be sufficient to support our expanding operations. If we fail to manage our growth effectively, we may experience increased costs, operational inefficiencies and delays in executing our business strategies, which could adversely affect our financial performance.

In addition, expansion into new or international markets requires significant capital and management resources and exposes us to additional risks, including unfamiliar market dynamics, more intense local competition, regulatory and compliance requirements and potential tax implications. We may not be able to successfully identify or penetrate such markets or achieve expected returns. Any failure to effectively manage our growth or expansion could materially and adversely affect our business, financial condition and results of operations.

We depend on the continued services of our senior management and key personnel, and our inability to attract, retain or replace such personnel could materially and adversely affect our business.

Our success depends on the continued services and contributions of our senior management and key personnel, including senior R&D staff and skilled engineers, who are critical to our operations, product development and the execution of our business strategies. In the event of significant loss of these personnel, our operations and development efforts may be disrupted, and the execution of our business plans may be adversely affected. In addition, replacing such personnel may be difficult, time-consuming and costly, and suitable replacements may not be readily available. Our future growth also depends on our ability to attract, train and retain qualified personnel, particularly engineers with expertise in the R&D of phosphate-based cathode materials. Competition for such talent is intense, and we may not be able to recruit or retain such personnel in a timely manner, or at all. If we are unable to retain our key personnel or to attract and integrate qualified replacements, our business, financial condition and results of operations may be materially and adversely affected.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining or renewing requisite government approvals or licenses for carrying out our operations or our construction and expansion projects.

We are required to obtain and maintain various licenses, permits, registrations, certificates and approvals for our business operations and at different stages of our new construction and production expansion projects. In addition, we may be required to complete certain inspections and obtain relevant approvals before commencing production at our new production facilities.

The issuance, renewal and maintenance of such licenses, permits, registrations, certificates and approvals are subject to our compliance with applicable laws, regulations and requirements imposed by relevant government authorities. We cannot assure you that we will be able to comply with any new rules or regulations that may be introduced from time to time, or that we will not experience material delays

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or difficulties in obtaining or renewing the necessary licenses, permits, registrations, certificates or approvals in a timely manner, or at all. If we fail to obtain, maintain or renew any required licenses, permits, registrations, certificates or approvals, or if the renewal process is delayed, we may be unable to continue our relevant business operations, implement our expansion plans or commence production at our new facilities, which could adversely affect our business, financial condition and results of operations.

We are subject to extensive environmental, chemical manufacturing, health and safety laws and regulations, and compliance with such laws and regulations may require significant resources and increase our operating costs.

We are subject to extensive environmental, mining, chemical manufacturing, workplace health and safety and other regulatory requirements, and any failure to comply with such requirements or changes in the applicable regulatory framework could materially and adversely affect our business, financial condition and results of operations.

Our operations, including the manufacturing of phosphate-based cathode materials, the development and operation of phosphate mines, the handling, storage and transportation of raw materials and products, and the treatment and disposal of industrial waste, are subject to extensive environmental protection, mining, chemical manufacturing, workplace health and safety, hazardous chemicals and other applicable laws, regulations and industry standards. We are required to obtain, maintain and renew various governmental approvals, permits, licenses and certificates, conduct environmental impact assessments for certain projects and comply with ongoing regulatory requirements, including those relating to environmental protection, production safety and periodic inspections. Compliance with these requirements requires us to devote significant financial and management resources and to incur substantial capital expenditures and operating expenses.

Our manufacturing and mining processes also generate wastewater, waste gas and industrial solid waste and involve hazardous chemicals and other potentially hazardous activities. Any failure to comply with applicable environmental, workplace health and safety or hazardous chemicals laws and regulations, or any environmental pollution, workplace accident or worker injury, could result in administrative penalties, suspension of operations, remediation obligations, compensation claims, civil or criminal liabilities, reputational damage and increased compliance costs. In addition, environmental, production safety and other regulatory requirements in the PRC and the overseas markets in which we operate may become more stringent from time to time, which may require us to make additional capital investments, upgrade our facilities, implement enhanced compliance measures or otherwise incur higher capital expenditures and operating costs. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business is influenced by PRC government policies relating to the power batteries and energy storage batteries, and any adverse changes in such policies could materially and adversely affect our business.

During the Track Record Period, a significant part of our operations were based in China and a substantial portion of our revenue was derived from domestic sales. Our products are primarily used in power batteries and energy storage batteries, and accordingly, our business is closely linked to government policies affecting the power batteries and energy storage batteries industries in China.

The PRC government has implemented various policies to support the development of the battery value chain, including incentives relating to NEVs, ESS and strategic emerging industries, as well as tax incentives, research and development subsidies and industrial support measures. These policies have contributed to the growth of downstream demand and supported the development of companies in the battery materials sector, including us.

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However, such policies are subject to change and may be adjusted, reduced or withdrawn. In particular, incentives for downstream applications, such as NEV or ESS, may be phased out or modified, which could reduce demand for power batteries and energy storage batteries and, in turn, our products. In addition, regulatory policies relating to environmental protection, energy consumption, safety standards or industry capacity may become more stringent, which could increase our compliance costs or restrict our production.

We cannot assure you that favorable policies will continue or that new supportive measures will be introduced. Any reduction, withdrawal or adverse change in relevant government policies, or increasingly stringent regulatory requirements, could materially and adversely affect demand for our products, our cost structure and our business, financial condition and results of operations.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations and financial condition.

During the Track Record Period, we received various government grants, not all of which were of a recurring nature. In 2023, 2024 and 2025 and the three months ended March 31, 2026, we recognized government grants of RMB81.5 million, RMB53.5 million, RMB66.7 million and RMB25.1 million, respectively, as other income and gains. In addition, we and certain of our PRC subsidiaries are subject to preferential income tax treatments. See “Financial Information — Description of Key Statements of Profit or Loss Items — Income Tax Expense.”

If we cease to be entitled to such government grants or preferential tax treatment or if the relevant PRC laws and regulations change, our other income and gains may decrease and/or our income tax expenses may increase, which could adversely affect our business, financial condition, results of operations and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations, and prospects.

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

We rely on third-party suppliers for various goods and services including but not limited to utilities, energy, raw materials, warehousing services and transportation services which are in line with industry practice. We endeavor to source goods and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the goods and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, substantially increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures which could increase our costs of operations. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of goods or services not complying with our requirements or that of our customers, our reputation may be affected. Our reputation will also be adversely affected if the third-party providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, reputation, financial condition and results of operation.

We may not be able to obtain, maintain, protect or enforce adequate intellectual property rights for our technologies and products, and any unauthorized use or infringement of our intellectual property could materially and adversely affect our business, financial condition and results of operations.

Our business relies on proprietary technologies relating to phosphate-based cathode materials. We seek to protect our technologies through patents, trademarks, trade secrets and other intellectual property rights. However, the process of obtaining, maintaining and enforcing intellectual property rights is time-consuming, costly and subject to uncertainty. We cannot assure you that our intellectual property applications will be granted or that our intellectual property rights will remain valid, enforceable or provide adequate protection. Our intellectual property rights may be challenged, invalidated, narrowed,

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rendered unenforceable or circumvented by third parties, including through the development of alternative or non-infringing technologies. In addition, failure to comply with applicable procedural or administrative requirements, such as responding to official actions, paying maintenance fees or submitting required documentation, may result in the abandonment, lapse or limitation of our intellectual property rights.

Our proprietary technologies may also be subject to unauthorized use, disclosure, misappropriation or reverse engineering by competitors, employees, business partners or other third parties, particularly where such technologies are protected as trade secrets. To protect our intellectual property rights, we may need to initiate legal or administrative proceedings, which may be time-consuming, costly and may not be successful. Any unauthorized use or infringement of our intellectual property, or any failure to obtain, maintain, protect or enforce our intellectual property rights, could weaken our competitive position and materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to protect our trade secrets.

In addition to our existing intellectual property rights and/or applications (such as issued patents and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. Our trade secrets may also otherwise be misappropriated. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Enforcing a claim against a third party that illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, brand or products. Any negative publicity, whether warranted or not, could adversely affect our business.

We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide competitive products and to strengthen business relationships with our customers. The successful promotion of our brand depends on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals by our customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, brand or products, whether warranted or not, may adversely affect our reputation and business. If our brand and reputation are damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

Our insurance coverage may not be sufficient to cover all losses or liabilities arising from our operations.

Our business is subject to various operational risks, including but not limited to production disruptions caused by operational errors, equipment failures, power outages and regulatory restrictions, as well as environmental or industrial accidents and catastrophic events such as fires, explosions, floods and earthquakes. Such events may result in damage to our production facilities, business interruption, personal injury or loss of life, environmental damage, monetary losses and legal liabilities.

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We maintain insurance coverage that we consider appropriate and consistent with industry practice, such as employer’s liability insurance, group accident insurance, work safety liability insurance and property insurance. However, our insurance coverage is subject to deductibles, exclusions, coverage limits and other terms and may not be sufficient to cover all losses or liabilities that we may incur. If we suffer a significant uninsured loss or a loss exceeding our insurance coverage, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. Although we have established internal control policies and relevant contractual covenants, we cannot assure you that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and result in significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties could materially and adversely affect our business.

Work stoppages, increase in labor costs and other labor-related matters may materially and adversely affect our business.

We believe that we have a good working relationship with our employees. However, if our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or sustained increases in labor costs, which may adversely affect our business, financial condition and results of operations.

In addition, if labor costs in regions where we operate increase, this may increase our manufacturing costs. Factors contributing to rising labor costs include inflationary pressures, changes in minimum wage laws and increased demand for skilled workers. Additionally, regulatory changes or enhanced employee benefits mandated by law could further exacerbate these costs. The competition for skilled labor in our industry is intense and we may be required to offer more attractive compensation packages to retain and attract qualified personnel. We may not be able to pass on these increased costs downstream by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margins may decrease and our financial condition and results of operations may be materially and adversely affected.

We face risks related to title defects related to our properties.

As of the Latest Practicable Date, all of our lease agreements in China had not been registered with the relevant authorities as required under PRC law, and the lessors of certain number of properties we leased in China had not provided title certificates for such properties, as the lessors have not obtained property ownership certificates and may not have followed the prescribed procedures to apply for and obtain approval from the relevant authorities. According to the relevant PRC laws and regulations, our rights as occupant of these properties may be adversely affected due to the absence of the relevant ownership certificates. We cannot assure you that the landlord of these properties has the right to lease the relevant property to us. We may not be able to continue to use such properties if the ownership of the leased properties and/or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future.

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Under the relevant PRC law, all lease agreements are required to be registered with the relevant land and real estate administration bureaus. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant PRC authorities may require us to complete registrations within a specified time frame and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements. See “Business — Properties.”

We are subject to risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors. In 2023, 2024 and 2025, and the three months ended March 31, 2026, the amount of third-party payments amounted to RMB6,134, RMB12,030, nil and RMB1,550,000, respectively, accounting for less than 0.01% of our total revenue in each of the respective periods. See “Business — Our Customers — Third-Party Payment Arrangement.” We are subject to risks relating to such third-party payment arrangements, including possible claims from third-party payers for the return of funds, and possible claims from liquidators of third-party payers. In the event of any claims from third-party payers or their liquidators, or legal proceedings (whether civil or criminal) initiated or brought against us in respect of third-party payments, we may have to expend financial and managerial resources to defend against such claims and legal proceedings, and our business, financial condition and results of operations may as a result be adversely affected.

Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we have not received any administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. However, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident funds will at all times satisfy the relevant regulatory requirements mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in the PRC, we may be exposed to penalties or be required to compensate employees.

We may be involved in claims, disputes, legal proceedings and administrative penalties in our ordinary course of business.

From time to time, we may be involved in claims, disputes, legal proceedings and administrative penalties in our ordinary course of business. These may include breach of contract, employment or labor disputes, infringement of intellectual property rights, and environmental matters. During the Track Record Period and up to the Latest Practicable Date, certain of our PRC subsidiaries were subject to administrative penalties relating to production activities. See “Business — Legal Proceedings and Compliance — Compliance Matters — Regulatory Proceedings.” If we fail in defending ourselves against any such claims, we may be subject to damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in costs and diversion of management resources and may materially harm our reputation. Furthermore, claims, disputes, legal proceedings or administrative penalties against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

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Our global operations subject us to applicable sanctions, export control and trade regulations, and any non-compliance or adverse changes in such regulations could materially and adversely affect our business.

We are subject to sanctions, export control laws and international trade regulations in the jurisdictions in which we operate and to which we export our phosphate-based cathode materials. During the Track Record Period, we sold our products to overseas markets, mainly including Southeast Asia. In 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from our overseas sales amounted to RMB6.7 million, RMB12.3 million, RMB284.5 million and RMB500.2 million, accounting for approximately 0.0%, 0.1%, 0.8% and 3.3% of our total revenue, respectively. We are also constructing a production base for phosphate-based cathode materials in Spain, which is expected to strengthen our overseas manufacturing operations, enhance our ability to serve customers overseas and support our long-term international growth strategy.

Our products may be incorporated into downstream applications such as NEVs, ESS and other electrification-related products, and in certain jurisdictions, these downstream applications are subject to increasing regulatory scrutiny and trade restrictions. Export control regimes and sanctions may restrict the export, re-export or transfer of our products, or of technologies, equipment or components used in our production, to certain countries, regions, entities or end-users. In addition, governments may impose tariffs, import or export restrictions, sanctions or other trade barriers targeting battery materials, NEVs or related industries. Such measures may increase our costs, restrict our access to overseas markets or reduce demand for our products.

Accordingly, any non-compliance with applicable sanctions or export control regulations, or any adverse changes in trade policies or geopolitical conditions affecting the power battery and energy storage battery supply chain, could materially and adversely affect our business, financial condition and results of operations.

Global economic and political conditions may adversely affect our industry, business and financial results.

Our operating results are affected by global economic conditions. If economic growth in the countries and regions where we operate slows, or if such countries and regions experience economic downturns or recessions, economic activities may be adversely affected due to factors including, but not limited to, reduced demand for goods and services, limited liquidity, decreased government spending, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, inflationary pressures, higher interest rates, increased bankruptcies and overall economic uncertainty. Under such circumstances, our customers may delay or reduce their purchases of our products.

In addition, uncertainties in global economic conditions may vary across different geographic markets and may result in significant volatility in global credit markets. Such volatility may affect our working capital requirements for manufacturing activities or result in increased costs or interruptions in the supply of raw materials from our suppliers if we are unable to obtain sufficient financing for our operations.

Any adverse changes in global economic and political conditions may reduce the prices that our customers are willing or able to pay for our products or reduce demand for our products. As a result, our sales, cash flows, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

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

Our facilities and operations may be adversely affected by events beyond our control, including but not limited to natural disasters, wars, health epidemics and other catastrophic events. We cannot assure you that our backup systems and contingency plans will be sufficient to protect us from the impact of events such as fires, floods, typhoons, tsunamis, earthquakes, power outages, telecommunications failures, cyber attacks, break-ins, wars, riots, terrorist attacks or similar events.

The occurrence of any of the foregoing events may result in operational disruptions, breakdowns, system failures, technology platform failures or internet failures, which may lead to loss or corruption of data, malfunction of software or hardware, damage to our facilities, or interruptions to our ability to manufacture products or provide services. Any such events could materially and adversely affect our business, financial condition and results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and to support other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If the information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve such issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

RISKS RELATING TO WHERE WE CONDUCT BUSINESS

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in the places where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in the places where we operate. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. Laws, regulations and policies related to our industry will continue to undergo changes or adjustments, and our efforts to achieve compliance may result in additional costs. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. The legal systems of some geographic markets where we operate are continually evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is still evolving. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings in many of the geographic markets where we operate. These may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

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If the government policies and internal interpretations on which the legal systems are based are not published on a timely basis and have retroactive effects, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

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

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, which may in turn affect our business, financial condition and results of operations.

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 by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations.

Pursuant to the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region (“HKSAR”) for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the

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above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《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》) issued by the STA also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [REDACTED] in our H Shares may be materially affected.

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

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities.

You may experience complexities in effecting service of legal process and enforcing judgments against us or most of our Directors and senior management.

We are a company incorporated under the PRC laws and the majority of our assets and subsidiaries are located in China. The majority of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be complex to effect service of process upon, or to enforce judgments against, us and most of our Directors and senior management outside China.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong.

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

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The characteristics of the A share and H share markets may differ.

Our A Shares are currently listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H share and A share markets have different trading volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H share and A share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares.

An active trading market for our H Shares may not develop or be sustained after the [REDACTED].

We cannot assure you that a public market for our H Shares with adequate liquidity and [REDACTED] volume will develop and maintain following completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is the result of negotiations between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be an indication of the market [REDACTED] at which our H Shares will be [REDACTED] following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following completion of the [REDACTED], the market [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [REDACTED] and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volume volatility that are not related to the operating performance of any particular company. The business performance and the market price of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] volume of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our customers, movements or activities of key personnel, or actions taken by competitors. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market [REDACTED] and volatility of our H Shares, regardless of our actual operating performance, and may result in losses on your [REDACTED] in our H Shares.

[REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future [REDACTED] of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors and executive officers, or the issuance of new shares or other securities, or the

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perception that such sales or issuances may occur. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders’ interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by our H Shares.

In addition, while [REDACTED] shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreements to dispose of part or all of the H Shares they hold immediately or within a certain period following completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or at any time or period after the [REDACTED]. Any [REDACTED] of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the market [REDACTED] of our H Shares, and any sizeable sale could have a material and adverse effect on the market [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] volume of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable laws and regulations of Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards of Business Enterprises may differ in certain respects from those calculated under the IFRSs. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, our Articles of Association, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our Shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see “Financial Information — Dividends” in this document. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

You will incur immediate and significant dilution if the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we [REDACTED] additional Shares in the future.

The initial [REDACTED] of our H Shares is higher than the net tangible asset value per Share of the outstanding Shares [REDACTED] to our existing Shareholders immediately prior to the [REDACTED]. Therefore, purchasers of our H Shares in the [REDACTED] will experience an immediate dilution in terms of the [REDACTED] net tangible asset value. In addition, we may consider [REDACTED] and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our H Shares may experience further dilution in terms of the net tangible asset value per Share if we [REDACTED] additional Shares in the future at a price that is lower than the net tangible asset value per Share.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] volume of our H Shares may decline.

The [REDACTED] market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [REDACTED] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] volume of our H Shares to decline.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance on them.

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

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

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

Certain facts, forecast and other statistics in this document are derived from various government, official sources and public information. However, our Directors cannot guarantee the reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and presenting such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from government and official sources have not been independently verified by us, the Joint Sponsors, the Joint [REDACTED], the Joint [REDACTED], the Joint [REDACTED], the Joint [REDACTED], the [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [REDACTED] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

RISK FACTORS

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage regarding us or the [REDACTED].

We strongly caution our [REDACTED] not to rely on any information contained in press articles or other media regarding us, our Shares and the [REDACTED]. Prior to the publication of this document, there may be press and media coverage regarding the [REDACTED] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. Our Company, the Joint Sponsors, the [REDACTED], the Joint [REDACTED], the Joint [REDACTED], the Joint [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [REDACTED], have not authorized the disclosure of any such information in the press or media and make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, our Company, the Joint Sponsors, the [REDACTED], the Joint [REDACTED], the Joint [REDACTED], the Joint [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [REDACTED] disclaim responsibility for it and our [REDACTED] should not rely on such information.