

SUMMARY

This summary aims to give you an overview of the information contained in 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 invest in the [REDACTED].

There are risks associated with any investment in the [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

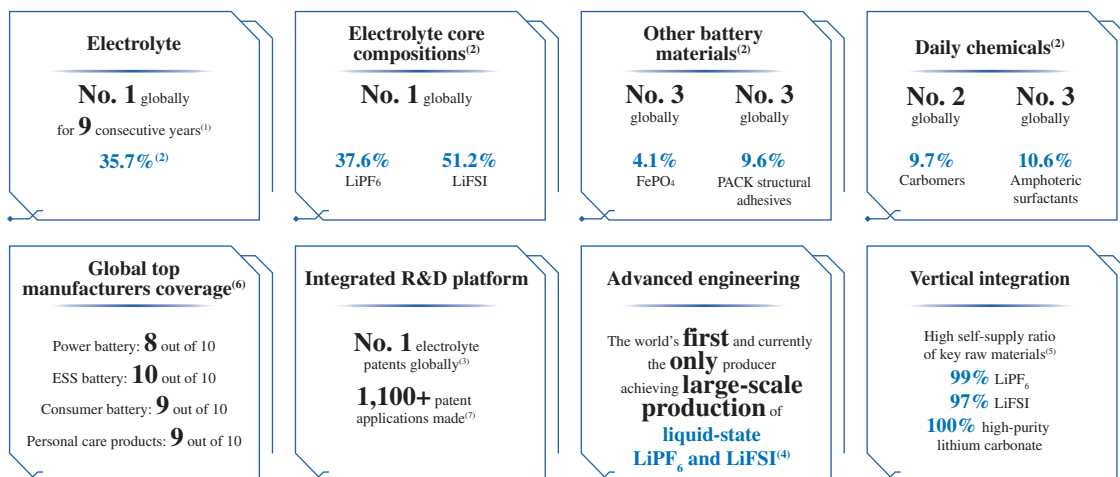
OVERVIEW

We are a global leading material company specialized in new energy materials and advanced materials driven by innovative technology. We primarily engage in providing comprehensive lithium-ion battery materials as well as daily chemicals and specialty chemicals solutions to customers across the world.

With more than 35 years of dedication to the fine chemicals sector, our founder and chairman, Mr. Xu Jinfu, has profound entrepreneurial experience and outstanding management expertise. Mr. Xu established our Company 25 years ago, has brought deep understanding of chemistry and materials science as well as industry insight to our ongoing development and success. Under his leadership, our business expanded beyond daily chemicals and into the field of lithium-ion battery materials.

We are a global leader in the field of electrolytes for lithium-ion batteries, distinguished by our innovative technology and vertically integrated capability, which encompasses the production of full value chain of key raw materials, including LiPF_6 , LiFSI, additives and lithium carbonate. Leveraging our R&D platform and engineering advantages, as well as our cross-selling capabilities built through long-term partnerships with our customers, we have successfully expanded into the sectors of cathode materials (including FePO_4 and LiFePO_4) and adhesives for lithium-ion batteries (including PACK structural adhesive and binder), forming comprehensive solutions for lithium-ion battery materials. Furthermore, we have proactively positioned ourselves in advanced materials for emerging applications including intelligent driving, eVTOL, semiconductors, advanced engineering and AI related thermal management. Our next-generation offerings include solid-state electrolytes, specialty adhesives and encapsulant for automotive electronics and semiconductors, high-performance polymers (mainly including PEEK and PI) and high-efficiency cooling materials and flame-retardant materials.

Powered by our integrated R&D platform and advanced engineering capability, highly efficient production model and competitive products, we have secured a leading global position in both lithium-ion battery materials and daily chemicals sectors. The diagram below provides an overview of our key achievements and performance that underpin our industry leadership:



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Notes:

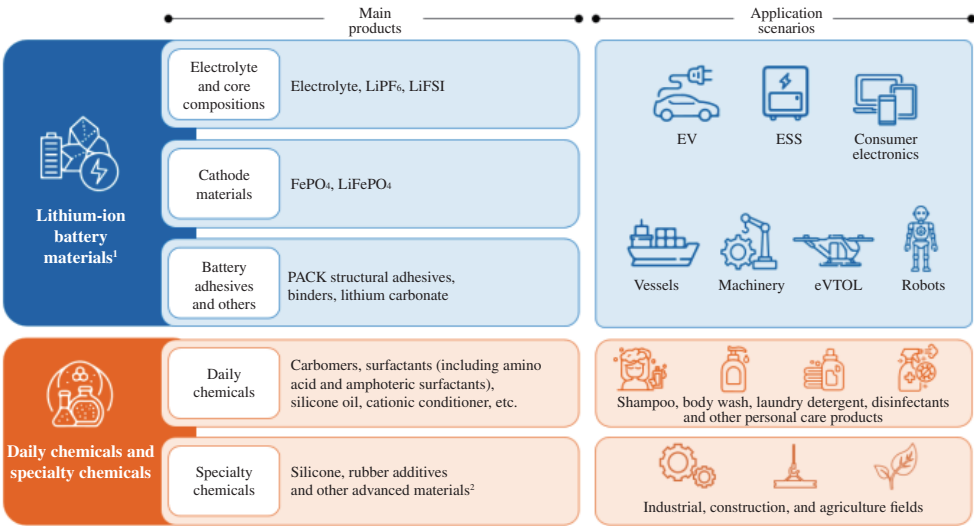
- (1) Based on global shipment volume, according to CIC
- (2) Represents Group’s market share and corresponding ranking based on global shipment volume in 2024, according to CIC
- (3) Among lithium-ion battery electrolyte manufacturers as of December 31, 2024, according to CIC
- (4) According to CIC, large-scale production denotes an annual production exceeding 100,000 tonnes (solid-content equivalent) of LiPF_6 and 10,000 tonnes (solid-content equivalent) of LiFSI
- (5) Represents the percentage of specific materials used in our production processes that are sourced from our internal manufacturing operations for the year ended December 31, 2025. This ratio is calculated by dividing the amount of internally produced material utilized in production by the total quantity consumed, irrespective of origin, with all measurements based on pure substance content
- (6) Based on global shipment volume in 2024, according to CIC
- (7) As of December 31, 2025, patent applications filed domestically

Our Principal Business

Our business is mainly divided into two major segments, namely lithium-ion battery materials business as well as daily chemicals and specialty chemicals business, among which:

- **Our lithium-ion battery materials business:** mainly includes electrolyte and its core compositions, FePO_4 , LiFePO_4 , PACK structural adhesives and binders. Lithium-ion batteries are widely used in EV, ESS and consumer electronics sectors and are gradually expanding into emerging sectors, such as machinery, vessels, eVTOL and other intelligent applications. In recent years, we have strategically expanded into lithium-ion battery recycling, focusing on recycling of retired and waste lithium-ion batteries and recycling of lithium-ion battery materials in the production process. This initiative is designed to strengthen the stable supply of raw materials in a low-carbon, energy-efficient, and cost-effective way, supporting an integrated value chain and creating new opportunities for profit growth.
- **Our daily chemicals and specialty chemicals business:** primarily comprises daily chemicals such as carbomers, surfactants (including amino acid and amphoteric surfactants), silicone oil and cationic conditioner, as well as specialty chemicals such as silicone, rubber additives and other advanced materials. Daily chemicals are widely used in personal care and home care products, such as shampoo, body wash, laundry detergent, disinfectant and sterilization products. Specialty chemicals, on the other hand, are mainly applied across various industrial, construction and agricultural sectors. We have drawn on our R&D expertise in the daily chemicals sector, along with our established strengths in raw materials and advanced production processes, as well as our extensive customer network, to expand into fragrance and flavor sectors.

The following chart illustrates the major products we offered to our customers during the Track Record Period:



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1. During the Track Record Period, products that have not yet been sold externally include FEC, VC, DTD, DMC, EMC, hydrogen fluoride, hydrogen chlorine tail gas, and the chemical elements lithium, iron, phosphorus, and fluoride.
2. Other advanced materials include specialty adhesives, encapsulants for automotive electronics and semiconductors, high-performance polymer materials (primarily including PEEK and PI), high-efficiency cooling and flame-retardant materials.

Our Technologies and R&D

As a National High-tech Enterprise, we operate multiple science and technology innovation platforms, including an academician workstation and a nationally accredited postdoctoral research workstation. Our R&D team covers all strategic product lines, which gives us a strong competitive advantage in innovation and R&D. During the Track Record Period, we invested an aggregate of over RMB2.2 billion in R&D. As of December 31, 2025, our R&D and technical team comprised 2,006 employees, accounting for 27.2% of our total workforce, of which 307 employees held master’s or doctorate degrees. As of December 31, 2025, we had made 1,175 patent applications domestically, of which 574 patents had been registered, including 403 invention patents, 170 utility model patents and one industrial design patent.

We have established an integrated R&D platform centered on first principles of chemistry and materials science, achieving full-cycle innovation ranging from basic research on chemical compounds and polymers focusing on four major chemical elements of lithium, fluorine, phosphorus and sulfur, to materials synthesis R&D, followed by design and optimization of equipment for mass production and industrial application. By leveraging the strengths of our integrated R&D platform across multiple business divisions, we foster cross-functional synergies that support the ongoing development of new products.

We are a preferred supplier of electrolyte for high performance lithium-ion batteries featuring high energy density, ultra-fast charging, wide operating temperature range, enhanced safety and extended cycle life. According to CIC, we are the first and currently the only company in the world capable of large-scale industrial production of LiPF_6 in liquid-state. This breakthrough overcomes the limitation of traditional synthetic crystal processes, providing consistent product quality, enabling continuous production and significantly reducing both energy consumption and emissions during the manufacturing process. It also helps to overcome transport challenges. The liquid-state LiPF_6 is compatible with the ISO tank transportation system developed for electrolyte logistics. This system enables convenient and rapid loading and unloading operations, facilitating large-scale transportation. It also features real-time temperature control, which monitors temperature conditions throughout transport. It also includes an explosion-proof refrigeration unit to manage temperature fluctuations. These features are designed to enhance transportation safety and product stability and reduce potential risks during transit. We have further pioneered the application of continuous solvent-based production process to other key lithium-ion battery materials, such as LiFSI, various high-performance electrolyte additives and solid-state electrolytes.

Our expertise spans every stage from laboratory research to mass production, underpinned by our advanced engineering capabilities that enable rapid industrialization while facilitating swift iterative optimization. This advantage allows our manufacturing capability to keep pace with ongoing research and development advances, enabling us to deliver next-generation products to market more quickly, with higher quality, and at lower cost. Additionally, we apply computational chemistry, AI, process and fluid simulations and production big data analysis to guide our engineering and equipment design. This approach enables us to continuously refine production methods, workflows and quality control systems, while maintaining a leading position in development efficiency.

As a result, our products are widely recognized and have been adopted in a range of innovative, industry-leading lithium-ion battery applications. This success is supported by our commitment to collaboration. We have cultivated an R&D ecosystem by engaging in joint R&D projects with both upstream suppliers and downstream customers. Through this collaborative

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ecosystem, we have applied feedback with our R&D and engineering data, thereby generating strong network effects which enhance knowledge sharing, drive mutual empowerment and accelerate the iterative development of new technologies and products. See “Our Competitive Strengths — Benefiting from our integrated R&D platform and rapid iterative engineering capabilities, we continue to innovate in new energy and advanced materials sectors and maintain industry leadership” in this section for details.

Our Production Model and Manufacturing Capabilities

We have achieved deep vertical integration across the upstream lithium-ion battery materials supply chain, delivering high self-supply ratios for key raw materials and offering comprehensive product coverage in the electrolyte sector. This achievement has strengthened our insight into key raw materials and broadened our capacity for innovation throughout the industry value chain, while safeguarding stable raw material supply and delivering cost advantages. We are an industry pioneer in achieving self-sufficiency for key electrolyte raw materials, including LiPF_6 , LiFSI, various additives, including VC, DTD, FEC and high-purity lithium carbonate. As of December 31, 2025, our self-supply ratios for LiPF_6 , LiFSI, DTD and high-purity lithium carbonate reached 99.0%, 96.6%, 90.7%, and 100.0%, respectively, ranking first in the industry, according to CIC.

We have designed, developed and used industry-leading production processes and advanced manufacturing equipment, enabling stable and continuous mass production. By adopting a closed-loop and recyclable process, we optimize the utilization of raw materials and chemical elements, thereby enhancing unit production efficiency while reducing unit investment costs and energy usage across our production lines. Meanwhile, we make full use of advanced technologies such as IoT, industrial automation systems and big data analytics to develop intelligent lines, ensuring real-time monitoring of the entire production process and improving both product quality and overall operational efficiency.

In developing proprietary industry production processes, we have adopted the theory of a circular economy and leveraged our scale to establish a closed-loop production system for lithium-ion battery materials. By-products and hazardous materials from our production process and recycling can be directly utilized in production process of other products, significantly reducing both the cost of key raw materials and energy consumption, while controlling pollutant emissions. This operational model puts into practice our philosophy of realizing “a low-carbon and sustainable lifestyle through green chemistry”.

Through these initiatives, we significantly raised entry barriers and enhanced our competitive advantages. See “Our Competitive Strengths — Leveraging strong R&D capabilities, our vertically integrated operations based on the concept of optimizing utilization of chemical elements and advanced manufacturing process help us to achieve superior manufacturing efficiency” in this section for details.

Our Blue-chip Customers

We have established a broad customer base that encompasses the world’s leading battery manufacturers, automotive manufacturers and multinational consumer goods brands.

For lithium-ion battery materials, we have entered into strategic cooperation agreements with leading global battery manufacturers and automotive companies. In 2024, eight of the global top ten power battery manufacturers, all of the global top ten ESS battery manufacturers and nine of the global top ten consumer battery manufacturers were our customers or incorporated our products within their supply chains.

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For daily chemicals and specialty chemicals, we are among the earliest companies in the personal care industry in the PRC to pursue international business expansion. For more than a decade, we have developed R&D innovation systems, quality assurance frameworks and EHS systems in line with international standards. As a result, our capabilities in these key areas have shown sustained improvement, giving us a strong competitive advantage globally. We have also supported the supply chains of many leading multinational consumer goods companies for years. In 2024, we served nine of the global top ten personal care product manufacturers.

Our Global Network

Driven by surging overseas demand for power and ESS batteries, and reinforced by supportive policy trends, the localization of EV and battery production is becoming increasingly prominent.

As of December 31, 2025, we had established a production network that extends beyond the PRC. We operate 16 production bases in the PRC, with one additional production base currently under construction in the PRC. In addition, we have engaged two contract manufacturing providers, one in the United States and one in Germany. To meet rising demand, we also plan to establish new production bases in Morocco and the United States. In June 2025, we signed an investment agreement with the Moroccan government to construct an integrated production base capable of producing 150,000 tonnes of electrolyte and core compositions annually in Morocco. In early 2025, we established joint ventures with a United States headquartered industrial conglomerate to engage in the production of electrolyte. Our production bases are automated and operate with advanced equipment applying the latest production technologies, enabling us to produce products of high quality and reliability, while ensuring cost efficiency. See “Business — Manufacturing.”

Drawing on our extensive experience in building production facilities for electrolytes, as well as our expertise in developing standardized skid-mounted modules, we are able to rapidly deploy unified, plug-and-play production capacity for lithium-ion battery materials globally as market opportunities arise. We have pioneered a process in which the core reaction units and control modules of our production lines are pre-fabricated into standardized skid-mounted modules that can be swiftly transported and installed. According to our calculations, the construction period for overseas projects using standardized skid-mounted modules is expected to be approximately 25% shorter than similar projects without such modules.

As of December 31, 2025, our production bases have an aggregate annual production capacity¹ of approximately 1,341,000 tonnes and 298,372 tonnes for lithium-ion battery materials and daily chemicals and specialty chemicals, respectively. The table below sets forth the breakdown of our production utilization rate for the years ended December 31, 2023, 2024 and 2025.

	For the year ended December 31,		
	2023	2024	2025
Production Utilization			
Lithium-ion battery materials:			
Electrolyte and core compositions	62%	59%	84%
Cathode materials	39%	41%	42%
Daily chemicals and specialty chemicals	50%	41%	44%

Note:

- The production capacity represents the solid-state equivalent of our LiPF₆, LiFSI and certain additives. We pioneered the application of continuous solvent-based production process to produce these materials in liquid-state, while the other industry participants are using a more traditional method to produce these materials in solid-state. Consequently, we have converted our data to the solid-state equivalent to ensure comparability.

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Notes:

- (1) The production utilization rate is calculated by production volume divided by production capacity.
- (2) Our production utilization rate has remained relatively low since 2023, as we are still in the ramp-up phase of mass production. In addition, we are in the process of introducing new production lines for daily chemical products. During this transition and expansion period, our current capacity is not yet fully utilized, as we are gradually increasing output while integrating new products into our manufacturing operations.

Our Market Opportunities

With the accelerated electrification of transportation worldwide, the ongoing expansion of next-generation ESS applications, and the widespread proliferation of consumer electronic devices, market demand for high-performance lithium-ion batteries is experiencing significant growth. According to CIC, the global market size of lithium-ion batteries is projected to continue growing at a CAGR of 24.7% between 2024 and 2030, reaching 5,448.0 GWh by 2030. In addition, other new energy battery materials with enhanced cost-effectiveness and performance, such as sodium-ion batteries, can be applied to different regions and different end applications, further stimulating new end-user needs.

Lithium-ion battery materials are expected to benefit from the expansion. According to CIC, the global electrolytes, LiPF₆ and LiFSI markets are expected to grow at a CAGR of 23.2%, 20.1% and 42.7%, respectively, from 2024 to 2030. The global markets for cathode materials including FePO₄, LiFePO₄ and adhesives for lithium-ion battery are expected to grow at a CAGR of 24.9%, 24.9% and 24.2%, respectively, over the same period. For lithium-ion battery recycling, according to CIC, the global lithium-ion battery recycling market size is predicted to grow at a CAGR of 35.9% from 2024 to 2030.

Daily chemical products, supported by rigid demand for fast-moving consumer goods, continue to experience steady growth driven by population increases and rising consumption standards. In addition to our existing personal care and home care products, we have also strategically entered the fragrance and flavor businesses by leveraging the advantages of our existing daily chemical platform. According to CIC, the global market size of daily chemicals, and fragrance and flavor is projected to reach approximately RMB800 billion and approximately RMB300 billion, respectively, by 2030.

Continuous technological advances are driving electrification in areas such as vessel and eVTOL. At the same time, intelligent applications, including humanoid robots and the growth of AI, are creating high-potential end markets for advanced materials. The global market size of solid-state batteries is expected to reach 65GWh by 2030 and exceed 1,000GWh by 2040. Building on our longstanding research and development strengths in chemical compounds and polymers for daily chemicals and new energy materials, we are extending our reach into emerging fields such as intelligent driving, eVTOL, semiconductors, advanced engineering and AI related thermal management. This ensures that we are well-positioned to promptly capture potential market opportunities. According to CIC, the market size of solid-state electrolytes, specialty adhesives and encapsulant for automotive electronics and semiconductor, PEEK and PI, cooling materials and flame-retardant materials are predicted to reach approximately RMB100 billion, RMB200 billion, RMB100 billion and RMB200 billion, respectively, by 2040.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors.

- Benefiting from our integrated R&D platform and rapid iterative engineering capabilities, we continue to innovate and maintain industry leadership.

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- Our vertically integration based on optimizing chemical element utilization, combined with advanced manufacturing processes, helps us to achieve high operational efficiency.
- Robust product competitiveness and prompt responsiveness to customer needs enable us to consistently lead the industry.
- A proven track record of continuously expanding our product portfolio enables us to position ourselves in promising emerging application areas.
- We have a world-class blue-chip customer base and have strategically planned for international expansion.
- Green chemistry is embedded in our corporate DNA to lead sustainable industry ESG practices.

OUR STRATEGIES

We intend to pursue the following strategies.

- Advance our R&D platform and pursue innovation in products and emerging fields
- Enhance the value chain and optimize production process to improve cost efficiency
- Accelerate international expansion and global capacity deployment in lithium-ion battery materials
- Promote sustainable development and contribute to global ESG initiatives

RESEARCH AND DEVELOPMENT

We believe our strong R&D capabilities and integrated platform give us a significant competitive advantage, enabling us to lead in the development of next-generation products and securing us a market leadership position. Our integrated R&D platform, coupled with our rapid iterative engineering capabilities, enabling us to rapidly and efficiently translate technical innovation into large-scale commercial production and maintain industry leadership in the new energy materials and advanced materials sectors. During the Track Record Period, we have made significant investments in research and development to diversify our product portfolio, enhance the performance, efficiency and safety of our products, and to develop expertise in the production of key materials within our Company. We intend to continue to invest in research and development to maintain our technological advantages. See “Business — Research and Development.”

CUSTOMERS AND SUPPLIERS

We are principally engaged in direct sales to our customers. This approach minimizes intermediary costs and facilitates clear, direct communication with clients. Given that our customers typically demand high product quality and may require customized solutions, maintaining open channels of communication is crucial for ensuring product standards and reducing the likelihood of returns or the need for additional after-sales services. Customers of our lithium-ion battery materials are primarily battery manufacturers, automotive manufacturers and consumer goods manufacturers. We have strategic cooperation agreements in place with a wide range of leading international battery manufacturers, automotive manufacturers and consumer goods suppliers. Customers of our daily chemicals and specialty chemicals are primarily manufacturers of personal care products and home care products. In each year for the years ended December 31, 2023, 2024 and 2025, the aggregate sales to our five largest customers amounted to approximately RMB10,972.7 million, RMB7,341.9 million and RMB9,745.1 million, respectively, accounting for approximately 71.2%, 58.7% and 58.5% of our total revenue in the same periods, respectively.

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Our suppliers are primarily producers of key raw materials for lithium-ion battery materials and chemical manufacturers, which primarily include lithium carbonate, solvent and select additives. A substantial majority of our raw materials are sourced domestically, supporting the overall stability and resilience of our supply chain. Although we source some lithium materials externally, our in-house lithium recycling operations enable us to recover lithium from retired and waste lithium-ion batteries, decreasing our reliance on external suppliers and enhancing sustainability. We have also developed stable, long-term relationships with a diverse base of domestic and international suppliers, which provide us with flexibility and further reinforce the continuity and stability of our upstream raw materials supply. In each year for the years ended December 31, 2023, 2024 and 2025, the aggregate purchases from our five largest suppliers amounted to approximately RMB3,365.3 million, RMB3,147.9 million and RMB3,967.5 million, respectively, accounting for approximately 36.0%, 33.8% and 31.7% of our total purchases of key materials for the same periods, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data during the Track Record Period, extracted from the Accountants’ Report as set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with the IFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our results of operations for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	15,404,640	12,518,297	16,649,893
Cost of sales	(11,411,599)	(10,154,136)	(12,946,736)
Gross profit	3,993,041	2,364,161	3,703,157
Other income, net	255,636	229,659	240,781
Other gains and losses, net	(13,154)	62,077	(74,665)
Selling and distribution expenses	(100,941)	(75,134)	(71,840)
General and administrative expenses	(743,259)	(716,839)	(952,336)
Research and development expenses	(645,542)	(668,213)	(846,948)
Finance costs	(219,837)	(228,158)	(202,484)
Impairment losses	(207,151)	(307,350)	(234,112)
Share of results of associates and joint ventures, net	5,544	(10,295)	(22,980)
Profit before income tax	2,324,337	649,908	1,538,573
Income tax expense	(482,115)	(171,475)	(194,394)
Profit for the year	1,842,222	478,433	1,344,179

Our profit for the year decreased from RMB1,842.2 million in 2023 to RMB478.4 million in 2024. This was mainly due to a 18.7% decrease in revenue, attributed to a decrease in the sales revenue from lithium-ion battery materials. This was primarily due to a decrease in the average selling price of electrolyte and core components, consistent with the broader market decline in prices for these materials and their core raw material, lithium carbonate, reflecting industry-wide oversupply and intensifying market competition. The effects of this oversupply and heightened competition continued to impact prices throughout both 2023 and 2024. Our profit increased from RMB478.4 million in 2024 to RMB1,344.2 million in 2025, in line with our revenue growth, primarily due to an increase in the sales revenue of lithium-ion battery materials resulting from accelerated growth in the downstream markets.

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Revenue

Revenue by Types of Products

During the Track Record Period, we primarily generated our revenue through two main business segments, namely (i) lithium-ion battery materials products and (ii) daily chemicals and specialty chemicals products. Most of our revenue was derived from lithium-ion battery materials products, reflecting our strategic focus. We also generated a small portion of our revenue from daily chemicals and specialty chemicals products. The table below sets forth the breakdown of the revenue by types of products and services for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Lithium-ion battery materials						
Electrolytes and Core Compositions	13,152,996	85.4	9,598,292	76.7	13,046,157	78.4
Cathode materials	632,575	4.1	897,787	7.2	1,324,497	7.9
Others ⁽¹⁾	318,782	2.1	478,146	3.8	679,885	4.1
Sub-total	14,104,353	91.6	10,974,225	87.7	15,050,539	90.4
Daily chemicals and specialty chemicals	1,016,795	6.6	1,160,567	9.2	1,284,577	7.7
Others ⁽²⁾	283,492	1.8	383,505	3.1	314,777	1.9
Total	15,404,640	100.0	12,518,297	100.0	16,649,893	100.0

Notes:

- (1) Others primarily include binders, PACK structural adhesives and lithium carbonate.
- (2) Others primarily include revenue derived from the sales of by-products from lithium-ion battery materials production, trading of materials and the sales of scrap materials from the recycling of retired and waste lithium-ion batteries.

Sales Volume and Average Selling Price

The following table sets forth the sales volume and average selling price by products during the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	thousand tonnes	RMB per tonne	thousand tonnes	RMB per tonne	thousand tonnes	RMB per tonne
Lithium-ion battery materials	612	23,043	795	13,810	1,046	14,392
– Electrolyte and core compositions	405	32,482	537	17,862	773	16,885
Daily chemicals and specialty chemicals	109	9,302	140	8,297	128	10,010

Revenue by Geographic Region

During the Track Record Period, we generated most of our revenue from operations in China. The table below sets forth a breakdown of our revenue by geographic region for the periods indicated.

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	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
The PRC	14,943,319	97.0	11,969,614	95.6	16,016,376	96.2
Overseas ⁽¹⁾	461,321	3.0	548,683	4.4	633,517	3.8
Total	15,404,640	100.0	12,518,297	100.0	16,649,893	100.0

Note:

(1) Overseas revenue primarily refers to revenue derived from Southeast Asia, the United States and South Korea.

Gross Profit and Gross Profit Margin

The following table sets forth the gross profit and gross profit margin by business segments for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Lithium-ion battery materials	3,562,861	25.3	1,915,062	17.5	3,201,149	21.3
Daily chemicals and specialty chemicals	364,465	35.8	348,659	30.0	384,115	29.9
Others ⁽¹⁾	65,715	23.2	100,440	26.2	117,893	37.5
Total	3,993,041	25.9	2,364,161	18.9	3,703,157	22.2

Note:

(1) Others primarily include gross profit derived from the sales of by-products from lithium-ion battery materials production, trading of materials and the sales of scrap materials from the recycling of the retired and waste lithium-ion batteries.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	14,040,662	13,151,993	13,869,700
Total current assets	9,936,209	10,801,397	13,057,034
Total assets	23,976,871	23,953,390	26,926,734
Total current liabilities	5,944,306	5,875,861	7,493,305
Net current assets	3,991,903	4,925,536	5,563,729
Total assets less current liabilities	18,032,565	18,077,529	19,433,429
Net assets	13,579,655	13,324,571	18,036,176

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Net Current Assets

Our net current assets increased by 13.0% from RMB4,925.5 million as of December 31, 2024 to RMB5,563.7 million as of December 31, 2025, primarily due to increases in (i) employee benefits payables, (ii) value-added tax payables, primarily as a result of the increase in gross profit of our lithium-ion battery materials products in December 2025, (iii) other tax payables, mainly due to increases in surcharges and stamp duty, and (iv) dividends payable, due to dividends declared but not yet paid as of December 31, 2025.

Our net current assets increased by 23.4% from RMB3,991.9 million as of December 31, 2023 to RMB4,925.5 million as of December 31, 2024, primarily due to an increase in time deposits with original maturity over three months, partially offset by a decrease in cash and cash equivalent, both resulting from the purchase of more time deposits.

Net Assets

Our net assets remained generally stable at RMB13,579.7 million and RMB13,324.6 million as of December 31, 2023 and 2024, respectively, and increased to RMB18,036.2 million as of December 31, 2025.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash generated from operating activities	2,274,216	881,536	1,182,243
Net cash used in investing activities	(3,892,519)	(1,010,752)	(331,538)
Net cash used in financing activities	(787,064)	(530,274)	(556,655)
Net (decrease)/increase in cash and cash equivalents	(2,405,367)	(659,490)	294,050
Cash and cash equivalents at the beginning of the year	4,657,619	2,256,101	1,601,844
Effect of foreign exchange rate changes	3,849	5,233	(6,902)
Cash and cash equivalents at end of year	<u>2,256,101</u>	<u>1,601,844</u>	<u>1,888,992</u>

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated.

	As of/For the Year ended December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	1.7	1.8	1.7
Quick ratio ⁽²⁾	1.5	1.6	1.5
Liabilities-to-assets ratio ⁽³⁾	43.4%	44.4%	33.0%
Gearing ratio ⁽⁴⁾	43.5%	48.2%	16.2%
Net profit margin ⁽⁵⁾	12.0%	3.8%	8.1%
Operating cash flow conversion ratio ⁽⁶⁾ . .	1.2	1.8	0.9
Average inventory turnover days ⁽⁷⁾	55.9	44.9	41.5

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities as of the same date.

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- (2) Quick ratio is calculated by subtracting inventories from total current assets, and then dividing the result by current liabilities as of the same date.
- (3) Liabilities-to-assets ratio is calculated by dividing total liabilities by total assets as of the same date.
- (4) Gearing ratio is calculated by dividing total debt, including its total borrowings and lease liabilities, for the year by total equity for the year.
- (5) Net profit margin is calculated by dividing profit for the year by revenue.
- (6) Operating cash flow conversion ratio is calculated by dividing net cash generated from operating activities by profit for the year.
- (7) Average inventory turnover days is calculated by the average of opening balance and closing balance of the inventories for the relevant period divided by cost of sales for the same period and multiplied by 360 days.

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, including (i) risks relating to our business and industry, (ii) risks relating to where we conduct business, and (iii) risks relating to the [REDACTED], which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to invest in the [REDACTED]. Some of the major risks we face include, but are not limited to:

- Demand for our products is driven by the demand of our customers’ products. If we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected.
- Our success depends not only on our own ability but also on our customers’ ability to develop and produce, market and sell their products in a timely and cost-efficient manner to address evolving preferences of their customers, regulatory standards and technological advancement.
- We face intense competition in the industries in which we operate.
- We may not be able to achieve the desired benefits from our R&D efforts and achieve the most advanced technology, or respond to the evolution in industry standards.
- The average selling price of our products may face downward pressure, which will adversely affect our profit margins, result of operations and financial condition.
- Changes in supply and costs of key raw materials, utilities, transportation, warehousing and other necessary supplies or services with respect to business may impact our business, financial condition and results of operations.
- We are subject to risks relating to product concentration and our product development efforts may not be successful.
- We are subject to the risk of concentration of customers.
- We face various risks associated with our international operations and overseas manufacturing, and our inability to effectively manage and contain them could adversely affect our business and performance.
- Our business is susceptible to policy changes affecting the end market of our products.

SUMMARY

COVID-19

During the Track Record Period and up to the Latest Practicable Date, our production facilities did not experience any temporary closures. Our operations are in the lithium-ion battery materials and daily chemicals and specialty chemicals industries, which do not involve labor-intensive operations or offline immediate consumption scenarios. Consequently, our facilities were not subject to the strict pandemic-related control measures that affected certain other industries during this period. During the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak did not have any material impact on our business operations, results of operations or financial condition.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial conditions and results of operations since December 31, 2025, which is the end date of the years reported on in the Accountants’ Report as set out in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE HONG KONG STOCK EXCHANGE

Our Company has been listed on the Shenzhen Stock Exchange since 2014. Our Directors confirmed, since our listing on the Shenzhen Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, our Company was directly held as to approximately 34.35% by Mr. Xu. Immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised, Mr. Xu will be entitled to exercise the voting rights attached to approximately [REDACTED] of our Shares in issue. Assuming the [REDACTED] is exercised in full, Mr. Xu will be entitled to exercise the voting rights attached to approximately [REDACTED] of our Shares in issue. Accordingly, Mr. Xu will remain as the Controlling Shareholder of our Company upon Listing.

[REDACTED]

	Based on the [REDACTED] of HK\$[REDACTED] per Share	Based on the [REDACTED] of HK\$[REDACTED] per Share
Market capitalization of our H Shares ⁽¹⁾⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]
Market capitalization of our Company upon completion of the [REDACTED]	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽⁴⁾	HK\$[REDACTED]	HK\$[REDACTED]

SUMMARY

Notes:

- (1) All statistics in the table are based on the assumption that the [REDACTED] is not exercised and exclude any treasury shares held by the Company as of the Latest Practicable Date.
- (2) The calculation of market capitalization is based on the assumption that [REDACTED] H Shares expected to be in issue immediately after completion of the [REDACTED].
- (3) The calculation of market capitalization is based on the assumption that [REDACTED] H Shares will be in issue immediately after completion of the [REDACTED] and [2,025,395,827] A Shares (excluding treasury shares held by the Company as of the Latest Practicable Date) will be in issue immediately after completion of the [REDACTED] with an closing price of RMB[44.33] on the Latest Practicable Date (assuming the [REDACTED] is not exercised and excluding treasury shares held by the Company as of the Latest Practicable Date).
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the section headed “Appendix II – Unaudited Pro Forma Financial Information” in this document.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the [REDACTED] of approximately HK\$[REDACTED], after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] is not exercised and at an [REDACTED] of HK\$[REDACTED] per [REDACTED].

We currently intend to apply the net proceeds from the [REDACTED] as follows:

- approximately [80.0]%, or HK\$[REDACTED], will be allocated for supporting our global business development, including the lithium-ion battery materials project in Morocco, and other overseas markets, as well as for upstream resource investments globally;
- approximately [10.0]%, or HK\$[REDACTED], will be allocated for research and development activities. This will focus on electrolyte and its core compositions, cathode materials, solid-state electrolytes and other materials, as well as the acquisition of related research and development equipment and facilities; and
- approximately [10.0]%, or HK\$[REDACTED], will be allocated for supplement working capital and for general corporate purposes.

DIVIDEND POLICY

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》), the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》) and Articles 145 through 148 of the Articles of Association, we distribute profits in cash, shares or a combination of cash and shares, and gives preference to cash distribution. In line with this approach, we have adopted an annual dividend policy. We do not have a fixed dividend distribution ratio. If we achieved profits in the previous financial year and have no unrecovered losses, then we should distribute cash dividends. On the premise that the funds required for the purchase of raw materials, expected major investment plans or major cash expenditures have been met, the Board of Directors may distribute interim dividends based on our operating profits and cash flow for the current period.

Any future plan to pay dividends will be made at the discretion of our Board of Directors and subject to approval of our Shareholders. Any declaration as well as the amount of such declaration and payment will be subject to our Articles of Association and the relevant laws. Even if we decide

SUMMARY

to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant.

The table below sets forth the dividends attributable to the years indicated below.

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive) . . .	1,152,625	571,072	185,965
Interim dividend	—	—	101,270
Total	<u>1,152,625</u>	<u>571,072</u>	<u>287,235</u>

LISTING EXPENSES

Listing expenses represent professional fees, [REDACTED] and fees incurred in connection with the Listing and the [REDACTED]. Our listing expenses are estimated to be approximately HK\$[REDACTED] (including [REDACTED]) accounted for [REDACTED] of the gross proceeds of the [REDACTED], assuming that an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] range stated in this document), among which, approximately HK\$[REDACTED] is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, and approximately HK\$[REDACTED] has been or will be charged to our consolidated statement of comprehensive income. The listing expenses we expect to incur would consist of approximately HK\$[REDACTED] of [REDACTED] expenses and fees (including [REDACTED], SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately HK\$[REDACTED] of [REDACTED] expenses and fees including fees for the Joint Sponsors, legal advisors and reporting accountant and approximately HK\$[REDACTED] for other [REDACTED] fees and expenses.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.